



Daily Report

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Daily Report China

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General

Foreign Ministry Holds Weekly News Briefing

Downing of Libyan Planes Regretted
OW0501091689 Beijing XINHUA in English
0858 GMT 5 Jan 89

["China Expresses Regret Over Downing of Two Libyan Warplanes by U.S."—XINHUA headline]

[Text] Beijing, January 5 (XINHUA)—China today expressed its regret over the downing of two Libyan warplanes by the United States.

In response to correspondents' question at a weekly news briefing here this afternoon, Foreign Ministry Spokesman Li Zhaoxing said, "We hope that the parties concerned will, in the interest of maintaining peace and stability in the Mediterranean, exercise restraint so as to prevent the situation from deteriorating."

Spokesman on Student Clash
CW0501112189 Beijing XINHUA in English
1057 GMT 5 Jan 89

[Text] Beijing, January 5 (XINHUA)—Three foreign students involved in the recent clash between Chinese and African students in Nanjing were detained, a Chinese Foreign Ministry spokesman said here today.

Among the three foreign students under detention, one is under criminal detention and the other two are under disciplinary detention, the spokesman said. Three Chinese have also been detained in connection with the clash in Nanjing's Hailai University December 24, he added.

In reply to questions at the weekly news briefing, the spokesman said the Chinese Government protects the legitimate rights of foreigners in China according to law. At the same time according to international law and laws of China, foreigners in China must abide by the laws of China, he added. This principle is recognized all over the world.

He said, "The departments concerned in China are entitled to deal with law breachers according to law and legal procedures. It is quite natural that some foreign students who breach the Chinese law be dealt with according to law. This is also the same to the Chinese students. In China, the Chinese and foreign students are equal before law."

The relevant judicial departments in Nanjing will settle the incident properly, he stressed.

The spokesman pointed out that the incident would not affect the friendly relations and cooperation existing between China and African countries.

He refuted some people saying that the reason for the incident is the racial discrimination policy pursued by China. "That is incorrect and constitutes a distortion of China's policy towards Africa," he said.

He noted that the clash is an incident concerning public order on the campus and it has nothing to do with China's Africa policy.

It is known to all that China pursues a policy of equality and unity among various nationalities at home and stands for equality among all nations in international affairs regardless of color and religious beliefs and that China is resolutely opposed to policies of racial segregation and racial discrimination, he said.

"As a developing country, China persists in strengthening and developing unity and cooperation with Third World countries and this is the cornerstone of China's foreign policy. China and African countries have shared common bitter historical experience, and we have all suffered from racial discrimination and now we are facing the two common historical tasks of peace and development," the spokesman said.

"We have always understood and supported each other and we will continue to do so in the future. China cherishes the profound traditional friendship already established between China and African countries and hopes it will be strengthened," the spokesman said.

RSA Namibian Withdrawal Urged
OW0501110189 Beijing XINHUA in English
1030 GMT 5 Jan 89

[Text] Beijing, January 5 (XINHUA)—"To ensure a fair and free general election in Namibia under effective United Nations supervision, we call on the South African authorities to withdraw their troops from Namibia according to schedule, dissolve their paramilitary force there and minimize the size of their police force. [quotation marks as received]

Li Zhaoxing, Foreign Ministry spokesman, made this statement at a weekly news briefing here this afternoon, when asked to comment on the UN Security Council's proposal for a cut in UNTAG's [United Nations Transition Assistance Group] budget.

He noted that the Chinese Government and people have always supported the Namibian people in their just struggle for national independence.

"We hope that the UN Security Council will reach consensus at an early date on ways as how to implement its Resolution 435," the spokesman said.

Cuban Foreign Minister To Visit
OW0501085989 Beijing XINHUA in English
0842 GMT 5 Jan 89

[Text] Beijing, January 5 (XINHUA)—At the invitation of Chinese Foreign Minister Qian Qichen, Isidoro Malmierca, minister of foreign affairs of the Republic of Cuba, will pay an official visit to China from January 18 to 23.

This was announced by Chinese Foreign Ministry spokesman Li Zhaoxing at a weekly news briefing here this afternoon.

Isidoro Malmierca will be the first Cuban foreign minister to visit China.

Brazilian Delegation Visit Slated
OW0501090189 Beijing XINHUA in English
0845 GMT 5 Jan 88

[Text] Beijing, January 5 (XINHUA)—At the invitation of the Standing Committee of China's National People's Congress, a delegation of the Brazilian National Congress, headed by Humberto Lucena, chairman of the Congress and president of the Federal Senate, will pay a goodwill visit to China from January 9 to 16.

This was announced by Chinese Foreign Ministry Spokesman Li Zhaoxing at a weekly news briefing here this afternoon.

Reportage on U.S. Downing of Libyan Fighters

Paper Reports Downing
HK0501025989 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 5 Jan 89 p 1

[Report by Lin Jiaoming (2651 4109 2494): "The United States Shoots Down Two Libyan Planes"]

[Text] Cairo, 4 Jan—The Libyan Ministry of Foreign Affairs announced this afternoon that at 1100 today (Libyan local time) the U.S. Air Force [military service as published] "suddenly attacked two Libyan MiG-23 fighter planes performing routine patrol duty over the Mediterranean" 45 miles from the Libyan coast, thus bringing them down in the international waters in the Mediterranean.

Another report disclosed that a U.S. Pentagon spokesman had confirmed that two Libyan MiG-23 fighter planes had been shot down by an F-14 from the aircraft carrier Kennedy. According to a U.S. military source the American plane opened fire on the Libyan planes first in a situation wherein the "Libyan planes could possibly attack" the U.S. plane.

The downing of the Libyan fighter planes in the skies above the Mediterranean by the U.S. Air Force is another grave incident in U.S.-Libyan relations since the large-scale bombardment of the Libyan capital on 15 April 1986

by the United States. On several occasions recently the U.S. Government has openly threatened to destroy what it calls a Libyan "chemical arms ordnance" plant by military means. Thus U.S.-Libyan relations suddenly became tense. Libya denied the U.S. accusation and stated that "international experts were allowed to inspect the relevant factory." People in press circles here point out that the downing of the Libyan military planes by the United States had something to do with this.

U.S. Claims 'Self-Defense'
OW0401171889 Beijing XINHUA in English
1642 GMT 4 Jan 89

[Text] Washington, January 4 (XINHUA)—The U.S. aircraft that shot down two Libyan MiG-23 fighters today were "acting in self-defense" while on patrol over international waters in the Mediterranean Sea and fired only after they "were threatened" by Libyan planes, the White House said today.

Deputy White House Press Secretary Roman Popadiuk, speaking in Los Angeles where President Ronald Reagan is on vacation, said the American planes "were threatened while conducting routine operations in international air space north of Tobruk," a Libyan port.

He said two F-14 jet fighters "were conducting routine defensive patrols from the USS John Kennedy in the Mediterranean."

"The Libyan aircraft approached the U.S. aircraft in a hostile manner over international waters and the U.S. aircraft, acting in self-defense, fired air-to-air missiles, downing both of the Libyan aircraft," Popadiuk said.

He said, "the F-14s returned safely to their ship, and two parachutes were sighted from the downed Libyan aircraft," indicating the Libyan pilots might have escaped. Popadiuk said there were no reported injuries from the aircraft carrier USS John Kennedy, which has been on duty in the Mediterranean since August 2.

The spokesman said President Reagan was awakened and informed an hour after the incident, which occurred at about 10 A.M. (GMT). President-elect George Bush also was awakened this morning at the vice president's residence in Washington.

The incident was the first major military confrontation between the United States and Libya since April 15, 1986, when U.S. Air Force planes hit the Libyan capital of Tripoli, killing 17 civilians and injuring 100. The attack was in retaliation for what the U.S. said was Libya's involvement in the bombing of a Berlin disco in which two American servicemen were killed.

The incident today came amid renewed tensions in U.S.-Libyan relations over what the United States says is a newly constructed Libyan plant to make chemical weapons near Tripoli.

The United States says it has acquired proof that Libya has started producing small amounts of chemical weapons.

The Reagan administration has sought to deter Libya from producing the chemical weapons and to stop other countries from providing the Libyans with expertise and equipment.

President Reagan warned last month that the United States is discussing with its allies the possibility of taking military action to destroy Libya's chemical weapons factory.

Libya Terms Downing 'Premeditated'
OW0401163789 Beijing XINHUA in English
1605 GMT 4 Jan 89

[Text] Tunis, January 4 (XINHUA)—The Libyan Foreign Ministry today condemned as "a premeditated attack" the U.S. downing of two Libyan aircraft over high seas in the Mediterranean this morning.

Radio Tripoli quoted a statement of the Libyan Foreign Ministry as saying that two Libyan reconnaissance aircraft carrying out a patrol mission at 11:00 hours (10:00 GMT) over international waters were shot down by U.S. aircraft flying from carrier "John F. Kennedy."

According to a Washington report, the U.S. Defence Department announced that U.S. jet fighters shot down two Libyan planes of Soviet-made MiG-23s in a confrontation today over the Mediterranean.

Tension has recently been heightened between the U.S. and Libya as Washington accused Libya of building a chemical weapon factory near Tripoli and threatened to destroy it by military attack.

Libya has repeatedly denied the U.S. allegation.

A Pentagon spokesman declared on [3 January] Tuesday that a U.S. aircraft carrier battle group, headed by nuclear-powered "Theodore Roosevelt" and including 12 warships, is on the way to the Mediterranean where battle group of aircraft carrier "John F. Kennedy" is on duty.

Libya Requests UN Meeting

HK0501083389 Beijing RENMIN RIBAO in Chinese
5 Jan 89 p 5

[Dispatch from Cairo by reporter Lin Jiaoming (2651 4109 2494): "Libya Urges an Emergency Meeting of the UN Security Council"]

[Text] Cairo, 4 Jan.—The Libyan Government has instructed its UN permanent representative to urge an emergency meeting of the UN Security Council to discuss the incident of U.S. planes shooting down Libyan fighters. Libya has accused the United States of its act.

According to another report, a Soviet Government spokesman warned the United States today that it must not take any military action against Libya, saying: "Any military attack on Libya is an attack on the currently easing international tension."

According to a radio broadcast here, British Prime Minister Mrs Thatcher called on various sides to refrain from resorting to force in solving international disputes. She stressed that British troops have never participated in any U.S. Air Force [service as published] military action to shoot down Libyan planes.

Libyan Envoy Meets UN Official

OW0401194389 Beijing XINHUA in English
1905 GMT 4 Jan 89

[Text] United Nations, January 4 (XINHUA)—Libya is expected to call for a U.N. Security Council meeting to consider the U.S. downing of two Libyan military jets over the Mediterranean early this morning.

U.N. Spokesman Francois Giuliani said at today's noon briefing that Libyan Ambassador to the United Nations Ali A. Treiki met with the president of the Security Council, Ambassador Razali Ismail of Malaysia this morning to discuss the incident.

The spokesman said that although Treiki did not bring to the president a letter requesting a council meeting, the Libyan ambassador did tell the president that the letter is on the way from Tripoli, capital of Libya.

It is customary for governments to send a formal letter to the president of the Security Council to request a council meeting.

According to reports, U.S. military airplanes shot down two Libyan military jets early this morning over the Mediterranean about 50 miles off the Libyan coast.

At a press conference this morning, U.S. Defense Secretary Frank Carlucci said that the U.S. aircraft, which were on routine exercises in the area, shot down the two Libyan military jets because the Libyan jets had been approaching the U.S. aircraft with "hostile intent."

Giuliani said today that U.N. Secretary-General Perez de Cuellar has been informed of the incident by both the United States and Libya.

"The secretary-general regrets the incident and he hopes that both sides will exercise restraint so as not to heighten the existing tensions in the region," the spokesman said.

Libya Issues Communique
OW0501024189 Beijing XINHUA in English
0111 GMT 5 Jan 89

[Text] United Nations, January 4 (XINHUA)—Libya today urged the international community to "shoulder the responsibilities" of removing the U.S. naval fleet out of the Mediterranean region.

In a communique issued here this afternoon, the Libyan People's Committee of the People's Bureau for Foreign Liaison called on the international community to help stop the U.S. maneuvers opposite Libyan shores and urged the United States to withdraw its large naval fleet from the region.

The communique was issued following U.S. aircraft from the U.S. Sixth Fleet now operating in the Mediterranean shot down two Libyan military reconnaissance planes 50 miles off the Libyan coast early this morning.

"This aggression threatens peace in the Mediterranean region as well as world peace and security," the communique said.

The communique also included an account of the incident, in which, it said that U.S. airplanes intercepted and downed the two Libyan reconnaissance airplanes which were on a routine mission over international waters.

Saying that the incident represented "a new and premeditated attack" against Libya, the communique said that the U.S. attack was preceded by reinforcing its Sixth Fleet in the Mediterranean Sea with the movement of huge naval military concentrations.

According to the communique, the U.S. Sixth Fleet has been enlarged to 13 naval vessels, along with the nuclear aircraft carrier "Roosevelt" and a landing force of 12,000 personnel.

While claiming that all those are designed to launch a wide scale attack against Libya, the communique said that the Libyan Government "reserves its legitimate right to defend itself and its existence."

Libya has called for an urgent UN Security Council meeting to condemn the U.S. attack and the council has decided to hold consultations tomorrow morning to consider the matter.

Columnist Views Downing

HK0501042389 Hong Kong TA KUNG PAO in Chinese
5 Jan 89 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Reagan Strikes Another Blow at Al-Qadhafi Before Leaving His Post"]

[Text] With a U.S. fleet consisting of 13 warships on its way to the Mediterranean, the United States threatened that the possibility of destroying a Libyan chemical plant could not be ruled out. Yesterday, a clash occurred. Two U.S. F-14 fighters shot down two MiG-23 fighters of the Libyan Air Force over international waters.

The White House said: U.S. planes were approached at high speed by two Libyan fighters in a hostile manner. Libya accused the U.S. fighters of deliberate provocation because at that time the Libyan planes were carrying out a reconnaissance flight.

This is not the first time the United States has taken the initiative to attack Libya. In 1981, two U.S. planes shot down two Libyan fighters over a disputed area of sea. In 1986, more than 30 U.S. military planes bombarded the Libyan capital of Tripoli and the city of Benghazi, which is 40 miles from the capital, killing or injuring 130 persons. The purpose in so doing was to carry out reprisals for an explosion caused by terrorists in a discotheque in West Berlin frequented by American servicemen. The United States said that the incident was engineered by Libya's Al-Qadhafi.

The fact that U.S. planes have downed Libyan jets over international waters is an attack on a sovereign state. This has obviously violated international law and regulations. Such a brazen military provocation conducted by the United States against Libya cannot but trigger repugnance in many countries in the world, and the Arab countries in particular. Libya has demanded that the [UN] Security Council hold an urgent meeting to discuss the incident. No matter how the United States tries to use sophistry, it cannot make its statement on "self-defense" consistent with the facts.

Reagan's term of office will expire soon. On the eve of his leaving his post, the United States has suddenly attacked Libya. This shows that the United States has always disliked the Libyan regime led by Al-Qadhafi. It believes that Libya is a stronghold and base for the creation and export to the world of terrorism. The three attacks on Libya to date have occurred during Reagan's term in office. But what the United States has done can only enrage Al-Qadhafi, and will not help eliminate terrorism.

The United States has recently accused Libya of building a poison gas plant with the aim of producing chemical weapons. It hinted that it would take action to destroy

the plant. However, Libya claimed that the plant manufactured pharmaceuticals, not chemical weapons. It stated that it was willing to let international experts inspect the facility to prove that what it had said was true.

In all fairness, it is reasonable for Libya to do so. However, the United States has still rejected the proposal, saying that Libya can move away the poisonous raw materials for manufacturing chemical weapons, and move them back to the plant after the inspection.

Obviously, the United States has reasoned fallaciously.

According to another report, the U.S. purpose in shooting down the Libyan jets is to carry out a reprisal for the incident of an explosion on a Pan-Am airliner caused by terrorists in Britain. The United States has flatly denied this. Why has the United States attacked Libya in spite of condemnation by the whole world?

One reason for the United States to do so is that the United States has believed for many years that the Libyan regime, headed by Al-Qadhafi, Syria, Iran, and some armed organizations of Palestinian guerrillas are the main organizers of world terrorism, and that their main targets of attack are the United States and Israel. It is extremely difficult for the United States to change its prejudice against and aversion to Al-Qadhafi.

From 7 to 11 January, an international conference on the banning of chemical weapons will be held in Paris, in which more than 100 countries will participate. The conference will discuss concluding a new international treaty on banning the production of chemical weapons on the basis of the treaty on banning poison gas signed in Geneva in 1925. According to the new treaty, the international community can send experts to carry out inspection in any country which is suspected of manufacturing chemical weapons.

Taking the opportunity of the international conference, which will be convened soon, the United States has threatened that the possibility of taking action against the chemical plant in Libya cannot be ruled out. In so doing, it is trying to "justify its actions." However, public opinion will decide which is right and which is wrong. If the United States acts rashly to attack the chemical plant, it cannot escape just condemnation.

Arab League Denounces Downing
OW0501061489 Beijing XINHUA in English
0231 GMT 5 Jan 89

[Text] Tunis, January 4 (XINHUA)—A top leader of the Arab League today described the downing of two Libyan planes by two U.S. Navy aircraft over the Mediterranean Wednesday [4 January] as an act of "very serious aggression".

In a statement issued here, Chedli Klibi, the league's secretary general, asked the U.S. to stop escalating its clashes with Libya and its provocation in the vicinity of Libya's territorial waters.

This latest act of aggression against Libya was in violation of the UN Charter and would undermine the current efforts to bring peace to the Middle East, he added.

Not long ago, he recalled, the Arab countries pledged their full support for the Libyan Government in defending itself against a U.S. threat to attack a Libyan plant allegedly producing chemical weapons. "The Arab countries are again asking the U.S. Government to stop its aggression," he said.

He warned the U.S. Government not to escalate its confrontation with any member of the Arab League. "That would badly affect the Arab-American relations," he said.

According to Libyan Radio quoting a statement of the Libyan Foreign Ministry, the two Libyan MiG-23s shot down by the U.S. Navy F-14 aircraft were carrying out a patrol over international waters.

The statement described the U.S. attack as "premeditated".

Britain Backs U.S.
OW0501013989 Beijing XINHUA in English
0053 GMT 5 Jan 89

[Text] London, January 4 (XINHUA)—Britain has accepted Washington's explanation that U.S. planes had acted in self-defense in the shooting down of two Libyan jet fighters over the Mediterranean, the Foreign Office said tonight.

"The Americans had given us an account of what had happened from which it was clear that they had acted in self-defense," a Foreign Office spokesman said.

"The Americans rightly regarded the incident as closed," he added.

This is the first official comment by the British Government since the downing by the U.S. Navy of the two Libyan MiGs over the Mediterranean earlier today.

Meanwhile, the Foreign Office said that it has "independent information" that Libya has a plant intended for chemical weapons production.

The statement is the first official British confirmation that the plant, the subject of a U.S.-Libya row, exists.

A Foreign Office spokesman said that the information showed that the plant was "very large" and there was "no doubt" it was meant for chemical weapons production.

However, the spokesman stressed that the two Foreign Office statements had nothing to do with each other. "These are two totally separate issues," he said.

The United States has also denied that its confrontation with Libya over the Mediterranean was connected with the controversial plant.

Libyan leader Mu'ammarr al-Qadhafi has repeatedly denied the existence of such a plant and says the factory near Tripoli will produce pharmaceuticals.

The United States has sent 13 warships to boost its naval force in the Mediterranean after its claims that Libya has built the huge chemical weapons factory. Some U.S. reports said that the Libyan plant had already begun making chemical weapons.

U.S. President Ronald Reagan has said that U.S. military actions against the plant could not be ruled out.

In 1986, U.S. aircraft bombed Libya over alleged Libyan involvement in terrorist bombings in West Berlin.

U.S. Opposes Chemical Weapons
OW0501043589 Beijing XINHUA in English
0102 GMT 5 Jan 89

[Text] Washington, January 4 (XINHUA)—With a concern over the proliferation of chemical weapons, the United States today called on an upcoming Paris international conference to take "strongest possible measures" to halt the spread of chemical weapons production and use.

State Department spokesman Charles Redman made the proposal hours after the Pentagon reported two of Libya's Soviet-built MiG-23s were shot down early today by U.S. F-14s from the aircraft carrier John F. Kennedy, which is "on routine exercise" in the Mediterranean Sea.

Tensions between the two nations rose recently over Libya's construction of a plant near Tripoli, the capital of Libya, which the United States says is intended to produce chemical weapons.

But Redman, along with Defense Secretary Frank Carlucci, denied that there was any relation between the concern over Libya's new chemical weapon plant and the air clash over the Mediterranean today. The incident was the first fighting between the United States and Libya since U.S. jets bombed Libya in April 1986.

However, Redman acknowledged the incident will have an impact on a Paris conference, starting Saturday [7 January], to consider ways of stopping the proliferation of chemical weapons.

"This conference has been called and has been organized for reasons totally unrelated to this incident that happened today," Redman said. "The principal goal of the

United States at the Paris conference is to focus world-wide attention on the problems of CW [chemical weapons] use and CW proliferation."

Redman said the United States is considering several kinds of measures to propose at the Paris conference, including international sanctions against countries that produce poison gas or aid others to do so.

One possible pattern, he said, would be a U.N. Security Council resolution leading to international economic measures against violators.

Another proposal would give the U.N. secretary general broad powers to investigate possible covert attempts to export chemical weapons or production facilities.

About 40 countries are expected to attend the Paris conference, including the United States and the Soviet Union, which will be represented by Secretary of State George Shultz and Foreign Minister Eduard Shevardnadze, respectively.

The conference was set to review the effectiveness of the 1925 Geneva Protocol which bans the use of poison gas but does not outlaw their production.

According to a 1988 yearbook published by the Stockholm International Peace Research Institute, at least 10 states, including the United States and Soviet Union, have chemical weapons or intend to acquire them.

Since the book's publication in August, the United States has accused Libya of having a weapons-producing capability. Libya denies it.

At today's briefing, Redman also said the State Department is sending out messages to all U.S. embassies, advising them of the circumstances of the U.S.-Libyan clash over the Mediterranean. Asked if there will be a heightened alert against possible terrorist acts of reprisal, Redman said it would be up to the individual American posts to take precautions.

More Flexible Third World Aid Policy Adopted
HK0401015489 Beijing CHINA DAILY in English
4 Jan 89 p 2

[By staff reporter Wu Yunhe]

[Text] China is to adopt a more flexible policy in providing economic and technical assistance to Third World countries, according to the Ministry of Foreign Economic Relations and Trade (MOFERT).

These new forms of assistance include cooperative management, business trusteeship, technological cooperation, enterprise on lease and joint-ventures.

These are a major departure from the simple type of free grants offered by China in the past decades, said a senior MOFERT official.

Although China needs more funds for its own development, it has been involved in 303 foreign aid projects over the past five years, of which 156 have gone into operation.

In addition to a number of aid agreements concluded last year, China is expected to sign about 30 new agreements with developing countries this year. Another 30 projects will be launched with these countries in forms of technical and managerial cooperation, the MOFERT official said.

Construction of an earth and stone dam project is expected to start in Somalia this year. Its investment of \$93 million is shared by China, the World Bank and the International Monetary Fund. The project is being designed by China's Zhong Bei Consultative Corporation at a cost of \$900,000. The dam will help ease the drought in the northern part of the African country.

The China Metallurgical Import & Export Corporation is expected to help Zimbabwe in renovating a major iron and steel factory with a \$12 million interest-free loan provided by China, the official said.

"Because of our own financial difficulties, we were unable to provide as many interest-free loans as before," he said. "Nevertheless, we will continue to aid other developing countries in all possible ways."

In a bid to further expand cooperation with other developing countries, China is guiding its foreign aid projects in a more flexible manner.

For example, in the Democratic People's Republic of Yemen a large gymnasium is being built with an investment of \$3 million. In this project China provided an interest-free loan of more than \$1 million, which the rest was provided by an Arab foundation, he said.

The new foreign aid programme has proven to be successful, he said. An example was a cotton mill in Benin, which has been jointly built and run by China and local people since April 1987. The factory has earned 260 million African francs [African Financial Community francs] in profits and its products were sold in Europe and America at a time when many African state-owned enterprises are losing money.

Such enterprises, run solely by China or jointly with foreign businesses, benefit both sides, he said. He added that most of them are now operating well and have contributed to the local economies and to the improvement in living standards.

Good results have been reported from the Tanzania-Zambia Railway. Chinese experts took part in its technical and economic management in 1983, and its total business turnover since then was an estimated \$40 million by the end of 1988.

The official pointed out that because of their efficiency in foreign aid projects, Chinese contractors are now winning more and more bids on competitive projects in the developing countries.

'Roundup' Reviews Afghan Peace Talks
HK0301113089 Beijing RENMIN RIBAO in Chinese
27 Dec 88 p 6

["Roundup" by RENMIN RIBAO reporter Ren Yujun (0117 3022 7486): "Various Parties Concerned in Afghanistan Hold Talks"]

[Text] When the Afghan war entered its 10th year, the parties involved were busy holding talks outside the country.

At the end of November, the Soviet Union for the first time held direct talks with representatives of the Afghan resistance in Islamabad, capital of Pakistan. The two sides discussed the matter of exchanging prisoners of war. Soon afterward, two senior delegations headed by Yuri Vorontsov, deputy Soviet foreign minister and Soviet ambassador to Kabul, and Rabbani, the present chairman of the seven-party resistance alliance, held talks in Saudi Arabia. Although no substantive results were achieved during the talks, the two sides discussed matters such as the formation of a broad-based government and the reconstruction of Afghanistan. They also agreed to continue holding similar talks, and decided to hold the next round of talks in Pakistan.

On Christmas Eve, the Afghan resistance forces and the Soviet Union agreed to postpone the second round of talks in Islamabad so that the two sides could hold talks separately with parties with which they have more interest holding talks. These talks were: The seven-party Afghan alliance based at Peshawar was to hold a formal discussion with the eight-party alliance based in Iran for the first time in 8 years; while the USSR sent a representative to Rome for public talks with former Afghan King Zahir. It is reported that this was the first time that such contact had been made public.

On 23 December, the Pakistani Government arranged for a private plane to take a six-man delegation headed by Rabbani to hold talks with the eight-party alliance in Iran. The seven-party alliance belongs to the Sunni Muslims, while the eight-party alliance belongs to the Shi'ite Muslims. Though these two resistance organizations belong to different religious sects, they have the same goals in respect to resistance against the Soviet invasion and opposition to the Kabul regime. During the talks, both sides will exchange views on the domestic situation, and discuss procedures for the formation of a

broad-based government as well as the proportion of power to be shared by the various parties. The media believe that the talks are the first talks of great importance between the two resistance forces. If the two sides can reach a consensus, the resistance forces will take a more favorable position during the talks with the Soviet Union.

On 24 December, Vorontsov, deputy Soviet foreign minister and Soviet ambassador to Kabul, held talks with former Afghan King Zahir for over 2 hours in Rome. The topic of discussion was the domestic situation in Afghanistan this February after the complete withdrawal of the Soviet troops. Analysts have pointed out that the Soviet Union believes the former king still has much influence over the Afghan refugees and some political factions, and so hopes that he can assume the role of mediator between the resistance forces and the Kabul Government. But in the past this former king has tried his best to avoid direct contacts with the Soviet Union in order to avoid misunderstanding of his stand by the resistance forces. At present, the resistance forces have started direct talks with the Soviet Union, so Zahir has also adopted a more flexible attitude. However, neither the Soviet Union nor Zahir's assistant have disclosed whether Vorontsov has persuaded Zahir to change his original position. A few days ago, the 74-year-old former king said during an interview with an Italian television network that he opposed the proposal of Soviet leader Gorbachev on the 1 January cease-fire, and that he believes the United Nations can play an important role in settling the Afghanistan issue.

Though these discussions have not achieved decisive progress, people believe that they will be beneficial to the political settlement of the Afghanistan issue.

'Commentator' on Meaning of Year of Detente
HK0401015089 Guangzhou YANGCHENG WANBAO
23 Dec 88 p 2

["Yearend special article" by YANGCHENG WANBAO's special commentator Peng Di (1756 6611): "What Does the Year of Detente Mean? (parts one and two)"]

[Text] The year 1988 will be recorded in postwar world history as the year of the beginning of detente.

I.

The oncoming force of the recent detente is extraordinary.

First, the United States and the Soviet Union have held frequent high-level dialogues to regulate their confrontational relations, making innovative achievements. Not only has the climate been considerably improved but they also have earnestly begun to destroy their own intermediate-range missiles and are now preparing for further arms reductions. From the exchange of personnel

for supervision by the two countries and on television screens, people can see the leaping flames of some destroyed missiles lighting up the sky. The sight is indeed gratifying. Moving from a large-scale arms expansion to real disarmament is unprecedented in postwar history.

Second, the relations between China and the Soviet Union, which were stalemated and antagonistic for 27 years, have now become movable. New changes have taken place in the three obstacles hindering the relations of the two countries: the Soviet occupation of Afghanistan, its support for the Vietnamese invasion of Cambodia, and its military buildup on the Sino-Soviet border. The Chinese foreign minister has visited the Soviet Union and his Soviet counterpart is to visit China soon. The day when the heads of the two countries meet to promote the normalization of their relations is not far off.

India's Prime Minister Rajiv Gandhi visited China for the first time following years of cold Sino-Indian relations. The leaders of the two countries stressed: The five principles of peaceful coexistence jointly initiated by the late Premier Zhou Enlai and Prime Minister Jawaharlal Nehru still are the cornerstone of relations between the two countries.

Meanwhile, there have been indications that a reconciliation has occurred in Soviet-Japanese relations. Although neither side is ready to yield in the northern territories dispute, the heads of the two countries will also begin a direct dialogue soon.

So far there has been a general trend toward reconciliation and cooperation among the world's major powers or blocs of major countries, including China, the United States, the Soviet Union, Japan, and India as well as West and East Europe. This is a phenomenon rarely seen in the relations between states.

Third, numerous armed aggression actions or military conflicts in places ranging from Afghanistan to Iran and Iraq and from southern Africa to Cambodia have begun moving toward troop withdrawals and political settlement, although people are not so assured with the expansionist ambition of such a country as Vietnam. What warrants mention is that at yearend there was even some flexibility in the Mideast fast knot tied for the last 4 decades. The United States has at last freed itself to some extent from the Israeli fetters and begun to hold an official dialogue with the PLO, departing from its former stand of refusing to recognize the organization. Although there are still difficulties in settling the Mideast issue by peaceful means and Israel, and pro-Israeli forces in the United States are setting barriers and sabotaging the two parties' efforts, the official dialogue is an important development. Now the world community is watching to see if U.S. policies will continue to evolve and how long the die-hard forces in Israel can run amuck.

Globally, these many hot spots have cooled down almost simultaneously. This appears to be a miracle in the history of international relations.

II.

What are the causes behind this extraordinary detente? Of course, the phenomenon is caused by many factors, of which the most important one, I think, is the outcome of domestic and foreign policy readjustments made by many countries out of consideration for their own interests and safety. The strong wind of readjustment provides a foundation for the wind of detente. The two are interwoven, with one implementing the other. This helps make the current detente more real and probably more lasting.

Since conditions vary from country to country, the policy readjustments taken by various countries are different in degree and substance. For example, the readjustments adopted by the Soviet Union are more substantial than those of the United States. However, a consensus of understanding has been achieved by countries, large or small, through practice and rethinking, at least on two points.

One is that the exclusive use of military means will detract from rather than produce desired results. An all-out arms race has made the comprehensive strength of the United States and the Soviet Union decline instead of making them more secure and stronger. The development of nuclear weapons forces them to compromise with each other to avoid a head-on clash and mutual destruction. The antiaggression and antiwar forces are constantly growing. While it is getting more and more difficult for large countries to conquer small ones and for small countries to come out as the victor among rivals, the sacrifice and losses brought about by military aggression are getting more and more costly. The development of this new situation has changed various countries' military thinking and security concepts. Seeking political settlement in favor of military confrontation has become the common aspiration of various countries.

The other is that military competition has withdrawn to second place and economic safety has jumped to first place. Japan and the FRG were defeated nations but have risen up as economic powers, imposing an increasingly severe challenge to the United States and the Soviet Union.

In 1987 the GNP of Japan was \$2,700 million, surpassing that of the Soviet Union. It was second only to the U.S. GNP of \$4,567 million. However, the economic growth rate of Japan exceeds that of the United States every year, especially in labor productivity. From 1981 to 1986, Japan held a safe lead of 4.1:1.1. If things continue this way, the status of the United States as a superpower will be in imminent danger. Japan has more evident superiority in such areas as finance and trade. In

reality, Japan has long surpassed the United States in many ways. In 1987 when the United States was reduced to the status of a \$368.2 billion debtor nation, Japan was a \$240.7 billion top creditor nation.

Practice has proven that the development of overall strength based on economy and science and technology is the indicator of a strong and secure country. All countries in the world are readjusting their own policies in this direction.

III.

This global policy readjustment trend has strengthened people's hope for peace and development. However, this does not mean that confrontation between states has disappeared and all will be right with the world and things will get better and better.

First, although the U.S.-Soviet dialogues have produced important results, we still cannot say that their basic relations of mutual antagonism have changed. The arms race between the two countries has expanded to such new fields as hightech, low intensity, and space weapons. Moreover, greater efforts are devoted to the medium- and long-term as well as future weapons development. Therefore, the development prospects of the arms race are hard to predict.

Second, although it is difficult to unleash a world war due to increasingly greater checking factors, minor conflicts are unavoidable. The political settlement of old hot spots is a process of complicated struggle. Even if they are eliminated, new hot spots, including historical and territorial disputes may arise. Moreover, hegemonism, large or small, will not leave the scene automatically. As such, people should not lower their guard.

More importantly, the economic struggle between nations is intensifying and becoming more complex with each passing day. The intensifying of economic competition is the trend of the times but the present age is no longer a time of free competition. State intervention, bloc compartmentalization, international coordination exist side by side with the unification of the world. Various countries compete with and depend on one another for existence, forming a very complex situation. To strive for survival or economic superiority, many countries are readjusting or reforming their economic and production structures, operation methods or their foreign policies. Countries with certain strength are strengthening or forming a new economic bloc. The world situation is being reshaped in line with economic interests. Where will the big economic power Japan go? How long can the United States maintain its leading economic position? What are the prospects of the Soviet reforms? Which is the United States' main rival, the Soviet Union or Japan? Can the North American unified market be materialized? Can the EC which will be more unified in 1992 become a more repellent "European Fortress?" Can there be a new division among Third

World nations? What new difficulties will the fast developing countries meet? Where does the solution lie for the debt-ridden countries which develop slowly? When will the Asian-Pacific age come? What role can China play? All these are questions much talked about by the people with great interest when they cross the threshold of the year of 1989. Moreover, probably no one can give them accurate answers.

IV.

At this historical junction characterized by season changing and uncertain prospects, people are both optimistic and worried. Detente has more or less reduced the threat of war and military burdens and provided better conditions and opportunities to international exchange and cooperation and accelerated economic development. Economic competition presents a challenge to all countries, which should be taken seriously. Moreover, the challenge is more severe to the countries that are backward in such fields as economy, science and technology, culture, and education. To them, the challenge may probably outweigh the opportunity.

No country can produce any panacea to cope with such a challenge. However, although various countries take different roads in building themselves, their basic successful experiences have something in common. One is a spirit of hard work and a down-to-earth manner, and the other is extensive absorption of foreign information (including science and technology as well as managerial expertise). The economic powers, such as the United States, Japan, and some other fast developing small countries have taken this course (of course, there are many other conditions. Each country has its own conditions).

The most favorable condition brought about by detente to various countries is perhaps easier access to information. This helps put an end to the situation characterized by national seclusion and antagonism and widens people's fields of vision and breadth of mind. Information is a special resource, embracing everything ranging from economy, science and technology, and thinking to theory. This resource is unexhaustable to only people with high aspirations and determination. In the face of the present-day world's information load, if people have a sense of urgency, are open-minded, assiduously study, do solid work, and keep on fighting in spite of all setbacks, the opportunity brought about by detente may possibly outweigh the resulting challenge.

Soviet Union

XINHUA 'Yearender' Affirms Soviet Reform
HK0101070089 Beijing XINHUA Hong Kong Service in Chinese 0734 GMT 27 Dec 88

["Yearender" by Jing Wuwu (2529 0543 0710):
"Advancing Amid Torrents—Soviet Reform in 1988"—
XINHUA headline]

[Text] Beijing, 27 Dec (XINHUA)—Soviet socialist reform has advanced amid struggle in 1988. As progress is made amid difficulties and obstacles, contradictions

and frictions are always taking place in reform. This year's Soviet reform can be summed up as follows: It has advanced amid torrents.

This year can be taken as a demarcation for the 4 years of Soviet reform. The previous 3 years were devoted to creating public opinion for reform, formulating an economic reform program, and carrying out reform experiments in key units. This year great efforts have been made to institute economic structural reform, and political structural reform has also started. Following the deepening of reform, contradictions and conflicts between the new and the old and between the reformists and the conservatives will become acute.

According to the reform program proposed by a plenary session of the CPSU Central Committee in June of last year and subsequently approved by the USSR Supreme Soviet, industrial enterprises whose industrial output value accounts for 60 percent of the country's total began to implement the "Law on State-Owned Enterprises," which provides that state-owned enterprises carry out complete economic accounting, accumulate funds by themselves, and assume sole responsibility for their profits and losses. More than half of the country's collective farms, state-owned farms, agricultural-industrial combination bodies, and other organizations are shifting toward the system of economic accountability and self-accumulation. Commercial departments in 15 federated republics are operating under a new system that allows shops to directly sign contracts with production units for the purchase of products; remuneration is linked with operational results. In a related development, the supply of production materials and raw materials is also shifting from state allocation to wholesale trade.

The relationship between ownership, plans, and the market is a key problem in economic structural reform. In this respect the Soviet Union has made a theoretical breakthrough this year and has also taken some practical measures. All types of contract and leasing systems have quickly developed in state-run industrial and agricultural enterprises, and on collective farms as well. Last summer the authorities approved the "Soviet Law on Cooperatives," which provides that cooperatives are in the same position as state-owned enterprises, thereby enlivening production and the consumption cooperatives that had almost withered. Statistics suggest that people engaged in these cooperatives have increased twofold this year. Joint ventures have also increased rapidly, totaling over 1,000 now. To invigorate foreign economic relations and build a domestic market mechanism, this year the Soviet Union has set up the first monetary, trade, and stock company as well as a number of professional banks, and stock markets have been formed on a trial basis in some parts of the country. Recently the Soviet Council of Ministers made a decision encouraging workers to buy stocks from their enterprises. The decision also allows enterprises to freely circulate their stocks in the market.

The 19th CPSU National Conference of Party Delegates held in June adopted several resolutions concerning political structural reform. This was a major event in the Soviet step toward socialist reform. The main purpose of its political structural reform is to delegate powers to the people through their representative organs, improve the socialist legal system, separate the functions of the party from those of the government, and stop the substitution of the party for the government.

To separate the functions of the party from those of the government, the CPSU Central Committee, federated republics, and local party committees have devoted their efforts to reforming their organizations and dissolving economic functional departments that overlapped with government organs. In addition, as the first step of political structural reform, the reform of the supreme organ of state power and the electoral system has also started. According to the resolutions of the 19th CPSU National Conference of Party Delegates and the constitutional revision bill recently approved by the USSR Supreme Soviet, a decision was made to form a new supreme organ of state power—the Soviet People's Congress. The Soviet People's Congress has the right to dismiss leaders this congress has elected or appointed; and its permanent organ—the Supreme Soviet—has the right to veto the decrees and decisions made by its Presidium and to veto the instructions and orders issued by the chairman of the Supreme Soviet. [paragraph continues]

Government members (except for the chairman of the Council of Ministers), leaders of ministries and commissions, and presidents of the Supreme Court cannot be elected as People's Congress deputies. Leading cadres elected within the party and leaders either elected or appointed by government departments are not allowed to hold office for three consecutive terms. The new electoral methods provide that elections be conducted by nominating more candidates than seats through secret ballot.

Of course, the Soviet Union is also encountering difficulties in reform. First, no fundamental change has taken place in the economic situation despite the fact that reform over the last 4 years has injected vitality into its economy. Market supply is short and the masses have not benefited from reform. Therefore, there is resentment. Second, reform is a negation of the old structure. As the new structure is being substituted for the old one, obstacles will inevitably emerge from old concepts and conservative forces. This has manifested itself prominently this year. In March, SOVYETSKAYA RUSSIA [Soviet Russia] published a long letter from a female teacher in Leningrad. The letter openly argued in favor of the old political and economic systems and asserted that reform was "running counter to socialism." This resulted in a debate in the press that lasted for over 1 month. Subsequently, the controversies over the speed, scale, and policy of reform during and after the CPSU

national conference further demonstrated the differences of opinion between Soviet social strata and the CPSU. On several occasions Gorbachev criticized the conservatives by saying that "they are the main factors hampering reform." Some Soviet newspapers disclosed that due to the administrative means taken by the conservatives in economic management, although there have been rapid developments in the implementation of the contract and leasing systems this year, some enterprises and rural areas remain indifferent toward these systems or have simply refused to implement them. "Confrontation between the conservatives and reformists" has also made it impossible to "carry out reform measures thoroughly and resolutely."

In the face of this situation, the Soviet Union had no alternative but to carry out a personnel adjustment in the Supreme Soviet organ in September and October, which was the most significant personnel change in 3 years. This personnel adjustment was a major measure for implementing the policy of reform and also indicates that a struggle between the new and the old is inevitable following the deepening of reform.

The expression "No tree is quiet in a forest; no water is stagnant in a flowing river" may be used to describe Soviet reform.

Restructuring Viewed Further
OW0501072589 Beijing in Russian to the USSR
1900 GMT 3 Jan 89

[From the "International Events Review" program]

[Text] Restructuring in the USSR has been in progress for 4 years already. During the first 3 years, the preparation of public opinion was the primary focus. Plans for economic transformations were developed and experiments were carried out. In 1988, various measures for restructuring the economic system were implemented by all possible means. Restructuring of the political system was begun as well.

An annual report by a XINHUA correspondent notes: Generally speaking, in 1988 socialist restructuring in the USSR made a great step forward and overcame many difficulties and obstacles. The ownership structure and the relation between planning and market are the key problems in economic restructuring. Last year, the Soviet Union achieved new changes in theoretical approaches to these problems and undertook some new practical measures to resolve them. In state industrial and agricultural enterprises and in kolkhozes, a more rapid development began to appear with the introduction of contract and lease systems in their various forms. Great efforts are being made to establish joint-stock enterprises with the participation of foreign capital. Presently, there are more than 100 enterprises of this kind.

The USSR Council of Ministers recently adopted a resolution on issuing securities by enterprises. This resolution encourages labor collectives to acquire securities from their enterprises, and it allows the free market circulation of enterprise securities.

The 19th All-Union CPSU Conference, which took place in June 1988, adopted several resolutions with regard to political restructuring. This is the most significant event of the past year in terms of the transformation of the Soviet political system. The main goals of this political restructuring are to transfer political power to the people and their representative bodies at various levels, to perfect socialist legality, and to delimit the functions of the party and government.

In the implementation of restructuring, the USSR will, of course, encounter difficulties. Although the 4-year-old restructuring has added vitality to the economy, we cannot, so far, observe a radical change in the economic situation. The masses have not acquired economic gains from the restructuring and, therefore, express dissatisfaction.

Moreover, restructuring is a negation of the old system's model. In the process of change, resistance from the old concept and the conservative forces is unavoidable. This is exactly why the most important of the changes occurring in the last 3 years involves those in the composition of the Soviet Union's highest leading bodies, most of which took place in September and October of 1988. This rejuvenation is a major step for the implementation of restructuring.

Regular Bus Service Established With USSR
HK0401085589 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0955 GMT 3 Jan 89

["China and USSR Jointly Open Regular Cross-border Bus Services"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 3 Jan (ZHONGGUO TONGXUN SHE)—China and the Soviet Union concluded an agreement in recent talks on "regular cross-border bus services." According to this agreement, buses will shuttle between Yining in China and Panfilov in the Soviet Union via Qingshuihe, Korgas in China, and Korgas in the Soviet Union. The bus services will begin 1 March 1989.

The Korgas Highway Bridge was repaired and opened to traffic in October 1988, providing a good condition for promoting Sino-Soviet exchanges and the inauguration of through bus services.

The highway from Yining to Panfilov through the Korgas Border Pass is 132 km long. One bus will start each day from each side. Passengers crossing the border to Panfilov on the Soviet side can buy through tickets in Yining or Qingshuihe. Through tickets to Qingshuihe or

Yining can also be bought in Panfilov. After passing through visa and customs inspection procedures at the Korgas Border Pass, passengers can ride on another bus to continue their travel to their destinations.

Southeast Asia & Pacific

Hainan Economic Delegation Visits Thailand
HK0401094089 Haikou Hainan Provincial Service in Mandarin 2300 GMT 3 Jan 89

[Excerpts] A Hainan provincial economic delegation headed by Xu Shijie has wound up a visit to Thailand that began on 23 December 1988. The visit has been very successful. The Thai Government gave importance to the delegation's visit—both Thai Prime Minister General Chatchai Chunhawan and Foreign Minister Air Chief Marshal Sawetsila met with the delegation. Head of the delegation Xu Shijie exchanged views with Prime Minister Chatchai and Foreign Minister Sawetsila on the friendly relations between China and Thailand, the economic cooperation between Hainan and Thailand, and other issues. Both the prime minister and foreign minister emphasized that Sino-Thai friendship is unbreakable. The relations between the two countries were good in the past, are good at present, and will be still better in the future. [passage omitted]

Many Thai businessmen have shown great interest in investing in Hainan and consulted the delegation about some specific investment questions. [passage omitted]

During its stay in Thailand, the delegation made a general survey of industry, agriculture, and the travel industry. Members of the delegation showed great interest in Thailand's experience in the development of an export-oriented economy, the promotion of agriculture and industry with local resources, and enterprise management. [passage omitted]

Having wound up its fruitful visit in Thailand, the delegation left Bangkok by plane for Singapore on the morning of 2 January.

Near East & South Asia

PLO Official Interviewed on Dialogue
OW3112015988 Beijing XINHUA in English 1223 GMT 30 Dec 88

[Text] Beijing, December 30 (XINHUA)—The Palestine Liberation Organization (PLO) expects to go on conducting "constructive and positive dialogues" with the United States when U.S. President-elect George Bush assumes office early next year.

This remark was made by Yusif Rajib Radi, head of the Beijing-based PLO mission, in an interview with XINHUA today.

Defining the recent PLO-U.S. dialogue as "preliminary and aimed at getting acquainted with each other's views," Radi said it means the failure of the U.S. policies denying the PLO's existence and aimed at dividing the organization. "Therefore, it is a very important event."

Radi described the decisive factors prompting the PLO-U.S. dialogue as: unity of the Arab World, increased sympathy shown by world opinion for the Palestinian people, a change in attitude by the allies and friends of the U.S. concerning the Palestinian problem, strengthened unity inside the PLO itself and people's uprisings going on the occupied territories for a full year.

However, he said, the Israeli authorities will spare no effort to disrupt the continuation of the dialogue.

On the recent founding of the Palestinian state, Radi said the event represents the "most remarkable achievement" in the struggle of the Palestinian people.

Up until now, he said, 90 countries have recognized the state of Palestine. "This shows that the PLO's political program and strategy are correct."

But the road the Palestinian people face "is long and fraught with many difficulties," he added.

Speaking of the PLO's relations with China, Radi said that all Palestinians feel proud about their friendly relations with China. "From the very beginning, the Palestinian revolution has had political, diplomatic and material support from China," he stressed.

Pakistan, India Sign Agreements After Talks
OW0101013689 Beijing XINHUA in English
1535 GMT 31 Dec 88

[Text] Islamabad, December 31 (XINHUA)—Pakistan and India today signed three agreements reached through three rounds of talks between the prime ministers of the two countries.

This was announced by Indian Prime Minister Rajiv Gandhi and Pakistan Prime Minister Benazir Bhutto at a joint press conference held here tonight at the newly built presidential house.

The three agreements they signed today are on nonattack against each other's nuclear installations; on removal of the current system of double taxation between the two countries; and on promotion of cultural exchanges.

Replying to a question on the dispute between the two countries concerning the Siachen glacier, the visiting Indian prime minister said that Benazir's father Zhulfiqar Ali Bhutto and his mother Indira Gandhi had signed the Simla Agreement in 1971. The two countries have held talks on the issue at various levels including talks between defense, home and foreign secretaries of the two countries, he said.

Under the Simla Agreement, Pakistan and India agreed to meet to discuss the "final settlement of Jammu and Kashmir," in the context of the establishment of durable peace between the two countries.

Simla is the capital of the state of Himachal Pradesh of India, 270 km north of Delhi.

The remote and inhospitable Siachen glacier lies in the eastern Karakoram Range in northern Kashmir and is 74 km in length.

Pakistan and India have been fighting each other in the area since 1984.

Rajiv Gandhi who came here to attend the fourth SAARC (South Asian Association for Regional Cooperation) [summit] from December 29 to 31, said his visit will help normalize the relations between India and Pakistan.

Benazir said the signing of the three agreements is of great significance and is for the first time in the past 16 years that agreements have been signed by the two countries. [sentence as received] She expressed the hope that more work will be done and more exchanges of visits between the two countries be conducted in 1989.

The Indian prime minister has extended an invitation to Pakistan prime minister to visit India and Pakistan has already extended an invitation to the Indian prime minister to make an official visit to Pakistan.

The Pakistan prime minister said the two countries should remove all obstacles step by step. "We hope that we will reach a satisfactory conclusion," she said.

Nepal's 1988 Economic Development Reviewed
OW0201155189 Beijing XINHUA in English
1306 GMT 2 Jan 89

[Text] Kathmandu, January 2 (XINHUA)—Nepal has passed the year 1988 in a stable political situation and with a fast economic development.

In fiscal year 1987-88 ending July 15, Nepal gained an economic growth rate of 7.1 percent over the previous year. Per capita GDP reached 168 U.S. dollars, increasing by 4.4 percent in real terms.

Agriculture, which dominates the economy and accounts for 58 percent of GDP, grew by 8.79 percent over the previous year. Food production increased by 17 percent, among which paddy, which accounts for about 62 percent of the food crops production, was up by 26 percent.

Favorable weather and increase of irrigation and paddy plantation were main factors of the agricultural growth.

Industrial production increased by 10.4 percent, with a total output value of about 541 million U.S. dollars.

In foreign trade, exports went up by 36.5 percent and imports recorded a growth of 25 percent.

Finance Minister B.B. Pradhan said that in the first three months of the current fiscal year beginning July 16, the economic situation was satisfactory and was in line with the targeted program. Export increased by about 41 percent as against the growth of 38 percent in the corresponding period of the previous fiscal year.

The above-mentioned achievements were positive results of the new economic policy which Nepal implemented. The government has readjusted its structural program for development which stressed micro-economic stabilization, mobilization of internal resources, investment efficiency and increase of private participation in the economic development. It also adopted more liberal industrial policy to promote foreign trade.

Owing to a faster opening to the outside world, the country's tourism made rapid development with 11.1 percent increase in last year. Foreign tourists reached 248,000.

On the other hand, Nepal faced many economic difficulties, including a high inflation rate of 10.9 percent and a trade deficit increase of 29.3 percent.

In the foreign affairs, Nepal in the past year has won support of 14 countries for King Birendra's proposal to declare Nepal a zone of peace. So far, 102 countries have expressed support to the proposal which is aimed at safeguarding Nepal's sovereignty.

Last year, King Birendra was chairman of the South Asian Association for Regional Cooperation (SAARC). Nepal continued to make contribution for SAARC development.

Nepal is one of the countries in South Asia whose domestic political situation is fairly stable. In the past year, the number of demonstrations demanding political party system and worker strikes for raising wage considerably reduced.

The kingdom has more than 30 ethnic minorities and three religions. The people from different ethnic groups and religions live in a harmonious and friendly atmosphere in the country. It is rare in the South Asian countries.

Muslims Boost Foreign Counterpart Friendship
OW3112191988 Beijing XINHUA in English
1433 GMT 31 Dec 88

[Text] Beijing, December 31 (XINHUA)—Over 15 million Chinese Muslims have established friendships with their foreign counterparts, said a senior Chinese Muslim official here today.

According to Alhaj Elias, president of the Chinese Muslim Association, in the past year nine Chinese Muslim delegations have visited 11 Muslim countries, including Iraq, Egypt and Tunis.

Meanwhile, over 100 Muslim officials from 20 countries and regions visited China over the same period, he said.

"These visits have deepened mutual understanding between Chinese and foreign Muslims," he pointed out.

China now has 43,000 mosques, nine Muslim seminaries and a Muslim institute, staffed by a total of 40,000 imams, he said. He added that the Koran has been published in the Chinese and Uygur languages.

He said that Chinese Muslims enjoy religious freedom and some of them make pilgrimages to Mecca every year.

Chinese Muslims have sent Afghan refugees 600,000 yuan-of relief supplies, according to Elias.

Sub-Saharan Africa

Further Reportage on African Student Situation

African Students Expelled

OW0501095589 Shanghai City Service in Mandarin
1000 GMT 4 Jan 89

[Text] According to a report by Hong Kong's WEN WEI PO, Hehai University in Nanjing announced on 1 January the expulsion of four African students, including (Dosu), who had beaten up a person and caused severe injuries. It was reported that (Alex Jabaku Dosu), a Ghanaian student at the Hehai University studying agriculture and irrigation engineering who had beaten up a university staff member and caused severe injuries on the evening of 24 December 1988 in an incident at the Hehai University in Nanjing, was detained according to criminal law. The Public Security Department in Nanjing had also summoned, according to law, the other three foreign students who had picked a quarrel during the incident. These students are from Benin, Zambia, and Ghana. All of them studied agriculture and irrigation engineering.

'Account' of Beijing Protests

HK0401161489 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1443 GMT 4 Jan 89

["A Detailed Account of the Demonstration Staged by Chinese Students at the Beijing Language Institute"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 4 Jan (ZHONGGUO TONGXUN SHE)—A female student of the Beijing Language Institute was frightened out of her wits and was injured early on the morning of New Year's Day when she was

sexually harassed by an African student. The incident aroused strong indignation among Chinese students of the institute, who yesterday staged a demonstration on the campus.

A responsible person of the security office of the language institute briefed this reporter on the incident. The incident took place between 0300 and 0400 on New Year's Day. At that time, a female student in the '87 class of the Foreign Language Teaching section of the Department of Languages went to the bathroom. She saw a black man, wearing a stocking cap (pulled down to cover his face except the eyes), standing in the corridor outside the bathroom. She immediately locked the lattice door to the toilet. The black man, who followed her into the bathroom, knocked on the door to the toilet and spoke obscenely. Struck with panic, the girl had a thought and told the man to wait for her at the first floor. Hearing the man leaving the bathroom, the girl rushed out of the toilet and ran back to her room. But after she locked the room door, she suddenly found the black student there. In great panic she ran out of her room and shouted for help. When running away, she fell in the corridor and was injured by some bits of broken glass spread on the floor.

Following the incident, the Security Office, the Student Office, and the Language Department of the institute jointly set up a special investigation team to examine the matter. The matter is still under investigation. When the female student was frightened, she fell into a state of shock. She is now staying in the house of a lecturer. Because the black student wore a stocking cap covering his face that night and the female student was frightened, the security officer said, it is rather difficult to tell who actually is responsible.

When the students returned to the institute on the evening of 2 January after their holidays, they were indignant at the incident. They gathered at 2300 and staged a demonstration on the campus. They shouted slogans such as "defend women, preserve dignity" and "find the troublemaker." The responsible person of the institute tried to stop the demonstration, saying that the matter could be settled according to school regulations and the law. On the morning of 3 January, some 130 Chinese students with banners in their hands staged a 2-hour demonstration on campus. They did not attend classes that day. No demonstrations were staged today.

There are around 1,500 foreign students studying in the Language Institute, including 500 African students and 400 Chinese students.

Africans' Stipends To Continue

HK0501014389 Hong Kong HONGKONG STANDARD
in English 5 Jan 89 p 7

[By Tammy Tam]

[Text] African students studying on scholarships in China would not be sent home unless their countries requested it, a State Education Commission official said yesterday.

Despite a racial row set off by a clash in Nanjing between Chinese and African students 12 days ago, Beijing would not change its policy of offering financial support to African students in the near future, the official said.

"And so far, not a single country has requested to recall their students," the official, who identified himself as Mr Fu, said.

"Of course, we want them to calm down and stay in China to complete their courses. The Nanjing incident is an isolated one, so is the one in Hanzhou and Beijing.

The conflict began with a Christmas Eve confrontation between Chinese and African students in Nanjing, which left 13 injured.

As it spread to Wuhan, Hanzhou and the capital, African students have complained of racism and discrimination among their hosts.

Wall posters have condemned the students as "black devils." About 500 Africans at the Beijing Institute of Linguistics boycotted classes yesterday to show support for the Nanjing students.

"We'll keep up the strike unless our brothers in Nanjing are released, and all of us want to go home," a student at the institute said when contacted by telephone.

Mr Fu said the government was "trying our best to deal with them properly."

Despite demands to return home, "it is not up to China to let them go," he said.

"The decision should be made by their own country. If their countries feel the need, the problem should be discussed with us."

China grants scholarships to about 300 African students every year under cultural exchange programmes, he said.

"Financial aid for African students began in the early 50s. Since 1973, the aid has been increasing. There are now more than 1,400 African students in China."

The scholarships mean most Africans are much better off than their Chinese counterparts. Besides free tuition, they receive 260 yuan (HK\$520) a month in allowance.

Lecturers at Chinese universities usually earn less than 200 yuan. Chinese draw grants of 30 to 40 yuan (HK\$60 to \$80) a month.

Critics question the government's relative generosity to foreign students when China is suffering a severe shortage of educational funds.

Mr Fu said such privileges were necessary.

"They come from far away to study here, it would be hard for them to live with the Chinese students' standard of living.

"We will keep our support to Africa because it is our responsibility to help them raise their educational standard. I believe that for a certain period of time, such a policy will not change."

But Mr Fu said schools would tighten controls both on Chinese and foreign students as a result of the clashes.

He blamed the conflict on a tightening of school regulations since late last year.

"China began to rectify its economic and social orders after the third plenary session of the 13th party congress held last September. Universities and colleges revised their regulations accordingly for keeping their schools in order.

"Quite a few foreign students were not happy about this because that means more restrictions. For instance, Hehai University set a new regulation that non-school people had to register before entering the campus. Other schools took similar measures.

"But all the measures are not only applied to foreigners but also Chinese students.

"African students breaking Chinese laws or regulations are not rare. They happened in the past and all were settled properly. But this time, the tightened control may cause some sort of misunderstanding," said Mr Fu.

East Europe

Qian Qichen Meets SFRY Foreign Minister
OW0501021989 Beijing XINHUA in English
0150 GMT 5 Jan 89

[Text] Belgrade, January 4 (XINHUA)—Chinese Foreign Minister Qian Qichen, arrived here Wednesday [4 January] on a 3-day official visit at the invitation of his Yugoslav counterpart, Budimir Loncar.

During their first meeting, Qian told Loncar that China is ready to develop positive economic and trade relations with Yugoslavia. He urged that common efforts be made to promote bilateral ties in various fields.

In his response, Loncar said that Sino-Yugoslav relations have stood the challenge of history, and that both sides should continue to make common efforts to further existing multiple agreements.

The two foreign ministers will open their second round of talks Thursday, with an emphasis on international issues.

News Analysis on SFRY Government Resignations
OW3112124688 Beijing XINHUA in English
0928 GMT 31 Dec 88

["News analysis: Why Mikulic Government Resigns? (by Xu Kunming)"]—XINHUA headline]

[Text] Belgrade, December 31 (XINHUA)—The Yugoslav Government stunned the world by resigning en masse on Friday [30 December], which caused wide speculations about why it resigned and how it will affect the country's domestic situation.

Observers here agree that, though it came a bit too sudden, the resignation should surprise no one, for it has been proven to be an inevitable outcome of drawbacks in the country's political system and the deteriorating economic situation.

Branko Mikulic, who was the eighth premier of Yugoslavia's post war government, announced his move Friday at a Parliament meeting after months of criticism against his government's inability to pull the country out of a deepening economic morass.

The government resignation en masse is unprecedented in Yugoslavia's history.

Mikulic took the office in May 1986, when an economic crisis emerged in Yugoslavia. Ambitious as he might be, Mikulic wished to mobilize the whole nation in an effort to tide over the crisis and embark the economy onto a road of speedy and coordinated development.

In the first two and half years after Mikulic took office, the government did have done a great deal [as received], with cabinet members canceling summer vacations for two successive years and spending weekends working.

In November 1987, the government worked out an anti-inflation program. In May this year, it further adopted a number of comprehensive measures to redress economic problems, lifting many of the rigid state controls on prices, imports and the exchange of foreign currencies, and reached agreements with the international monetary fund and creditor nations on postponing payment of the country's foreign debts.

Over the recent months, the government has been busy drafting bills to provide legal insurance for further reforms.

Given the drawbacks of Yugoslavia's political system, the government has encountered great difficulties and resistance to changes from various sides. The problems leading to economic crisis are complex, sometimes even beyond the government's powers.

In accordance with the Yugoslav Constitution, the Federal Government has transferred economic powers to the governments of the republics and autonomous provinces. Thus the Federal Government must acquire approval from the local governments while formulating major economic policies which will affect the interests of the relevant republics or provinces.

As a matter of fact, all the republics or provinces have different programs for economic development and more than often give priority to their own interests, the Federal Government has had to spend a great deal of time and energy consulting with each republic or province, in an effort to reach agreement or compromise.

Under such circumstances, despite great efforts to invigorate the economy, the nation's situation has further deteriorated rather than turning for the better. This year's gross national product dropped by another 2 percent from a 1.1 percent decrease last year, while the inflation rate has run up to 250 percent from 80 percent in 1986.

As the people's real income reduced and the morale worsened, the year of 1988 has witnessed 1,800 strikes across Yugoslavia, with the total participants reaching 350,000.

Naturally, the Federal Government held responsible for the economic failure became a target of criticism. In November 1987, street demonstrators demanded that Mikulic step down.

The loss of faith in the Federal Government was pushed to a new height when the parliaments of both the Slovenian and Croatian Republics formally expressed non-confidence in it in May.

How will the resignation affect Yugoslavia's domestic situation?

Yugoslavia is a country with a relatively advanced system of democratization, the move is unlikely to exert negative influence on the domestic situation.

While accepting the government's resignation, the Parliament passed three reform-oriented bills on Thursday and Friday—the law on enterprises, the law on planning and the law on foreign investment—paving the way for reforms next year. This shows that the resignation will not affect next year's reforms.

Rather, observers here agree that the resignation might prompt people to ponder how to speed up the reforms of Yugoslavia's political system.

Stjepan Novakovic, chairman of the Parliament's Federal Chamber, said at a Friday session that Yugoslavia will continue the on going reforms.

Selected Works of Wojciech Jaruzelski Published
OW0101005789 Beijing XINHUA in English
1058 GMT 31 Dec 88

[Text] Beijing, December 31 (XINHUA)—“Selected Works of Wojciech Jaruzelski” in Chinese version has been recently published here by the People's Publishing House of China.

The book carries 33 important works from 1981 when the author became chairman of the Council of Ministers of the People's Republic of Poland and first secretary of the Central Committee of the Polish United Workers' Party to the end of 1987.

These works comprise his reports to the United Workers' Party national congresses, party Central Committee plenaries, parliamentary meetings and trade union congresses as well as speeches during the exchange of Chinese and Polish leaders' visits in recent years, and their contents deal with political and economic reforms, ideological and theoretical work, religions, trade unions, youths, history and international affairs.

The book also carries the author's message to Chinese readers in which Jaruzelski said he took joy in presenting the book to the Chinese readership. “We have noted with satisfaction the rapid development of the cooperation and friendly relations between Poland and China,” he said.

Li Peng, Other Leaders Mourn Wang Bingnan
OW0501113389 Beijing XINHUA in English
1037 GMT 5 Jan 89

[Text] Beijing, January 5 (XINHUA)—More than 1,000 people in the Chinese capital, including senior Chinese leaders, went to the Beijing Hospital this morning to pay their last respects to outstanding diplomat Wang Bingnan, who died on December 22 at the age of 80.

Wang Bingnan was advisor to the Chinese People's Association for Friendship With Foreign Countries.

Senior leaders, including Yang Shangkun, Li Peng, Wan Li, Qiao Shi and Yao Yilin, attended the service to pay last respects and present wreaths. They expressed condolences to Wang's widow Yao Shuxian and his family over Wang's death.

In the memorial hall, there were also wreaths from Zhao Ziyang, Deng Xiaoping, Chen Yun, Li Xiannian, Peng Zhen, Deng Yingchao, Nie Rongzhen, Hu Qili, Wang Zhen and other party and state leaders.

Born in Qianxian County, Shaanxi Province, in 1908, Wang Bingnan joined the Chinese Communist Youth League in 1925 and became a member of the Chinese Communist Party (CPC) the following year. From 1929 to 1936, he studied first in Japan and then in Germany. Afterwards, he returned to China and worked hard to help promote the national unity against the Japanese aggression, and to help prompt the second CPC-Kuomintang (KMT) co-operation and peacefully settle the "Xian Incident" in particular.

After the founding of the People's Republic of China in 1949, Wang Bingnan played an important role in assisting late Premier Zhou Enlai to form the Chinese Foreign Ministry. He then became director of the Foreign Ministry's General Office and assistant foreign minister. In 1955, Wang was appointed ambassador to Poland. Meanwhile, as the first Chinese chief representative he participated in the nine-year-long Sino-U.S. talks at the ambassadorial level. He served as Chinese vice foreign minister after he returned to China in 1964. He was persecuted during the decade of "Cultural Revolution" from 1966 to 1976. After he resumed work in 1975, Wang became president of the Chinese People's Association for Friendship With Foreign Countries.

Wang was also delegate to the 12th CPC National Congress, deputy to the first and third National People's Congresses (NPC) and member of the Standing Committee of the National Committee of the fifth Chinese People's Political Consultative Conference, member of the Sixth NPC Standing Committee and member of the NPC Foreign Affairs Committee.

Among those who paid last respects and presented wreaths to him were diplomatic envoys from the embassies of Austria, Bulgaria, Democratic People's Republic

of Korea, Democratic Germany, Luxembourg, Poland, the Soviet Union and other embassies. Some foreign friends in Beijing and those who made special trips here also attended the memorial service.

After the memorial service, the remains of Wang Bingnan was escorted by Zhang Wenjin, president of the Chinese People's Association for Friendship With Foreign Countries, and Wang's family to the Babaoshan Cemetery for cremation.

Xue Muqiao Assesses 10 Years of Reform
OW0401063889 Beijing GUANGMING RIBAO
in Chinese 17 Dec 88 p 3

[Article by Xue Muqiao: "Seriously Sum Up the Experiences of 10 Years of Reform"]

[Text] It has been 10 years since the convocation of the 3d Plenary Session of the 11th CPC Central Committee. Reform in our country has achieved spectacular results during the past 10 years and enabled the majority of the Chinese people to gradually improve their living condition from having enough to eat and wear to being well-to-do. However, the road of reform is always uneven, especially the reform of the socialist economic structure. There has never been a precedent of smooth sailing in such reform. Therefore, we cannot expect a situation in which the reform will not meet with many difficulties and complications. In carrying out the reform, we must continuously probe ways through practice and make progress through summing up experiences and eliminating difficulties.

The guiding principle and policy of "improving the economic environment and rectifying the economic order" put forward by the 3d Plenary Session of the 13th CPC Central Committee have clearly called on us to consider the improvement of the economic environment and the rectification of the economic order as the key tasks of the reform and construction in the coming 2 years. This will be a new turning point in our country's socialist construction.

The 3d Plenary Session of the 11th CPC Central Committee called on the whole party and people of the whole country to consider the realization of the four modernizations as their fighting tasks in order to rejuvenate the Chinese nation. In light of the actual situation at that time, the party Central Committee put forward the tasks of readjustment and reform (including opening up to the outside world) for the purpose of realizing the four modernizations. During the 5 years following the 3d Plenary Session of the 11th CPC Central Committee, we reasonably readjusted the proportions of agriculture, light industry and heavy industry and basically established a proper ratio between the accumulation of funds and consumption. We also improved the supply of means of production to a certain extent and produced relatively adequate consumer goods. As a result, the buyers were in a more favorable position in the market

of some commodities. This has created a good environment for us to reasonably adjust prices of commodities, transform the production economy to commodity economy, and change administrative management to economic management and direct control to indirect control in our planning work. The 3d Plenary Session of the 12th CPC Central Committee in 1984 pointed out: The tasks of readjustment have been in the main completed so the future tasks will be an all-around reform of the economic structure. It pointed out that the correct orientation for the all-around reform is to vigorously develop a socialist commodity economy in a planned way. In order to develop a commodity economy, we must reasonably adjust prices of commodities. It clearly pointed out: "Reform of the price system is the key to reform of the entire economic structure." The 13th CPC National Congress more clearly pointed out that the relationship between a planned economy and a commodity economy is that "planning should be done according to the principle of commodity exchange and the law of value." In other words, we should establish a system of planned commodity economy. Theoretically, we have thus fully affirmed the general orientation of transforming from a planned production economy to a planned commodity economy.

According to the new guiding ideology, we should have a firm grip on macroeconomic control and adopt a policy of loose and liberal control over microeconomic activities in our economic management. However, owing to our lack of experience in macro-control under the conditions of commodity economy, especially the experience in utilizing the wonderful tool of banking mechanism, a situation has emerged since the 4th quarter of 1984 in which bank credit has been out of control, investments are "overheated," the scale of capital construction has been too large and the money supply has been too great. On the one hand, the growth of industrial production in 1985 was too fast. On the other hand, prices of commodities rose by a great margin. In order to control the extent of price hike, we had to set price limits on many commodities whose prices were permitted to fluctuate according to the market situation. This has created a new complication in commodity prices and caused some confusion in the field of circulation. Many government organizations and businessmen took advantage of the great difference between controlled price and market price and bought commodities for reselling at a huge profit. Both producers and consumers suffered losses from the situation. In the past several years, the growth of industrial production has been very high but it was in violation of the state economic development strategy. The growth of energy sources and raw materials production and the increase of communications and transportation capability have been lagging far behind the growth of processing industry. The normal economic order has been disrupted and we cannot but make a new adjustment. Under such economic circumstances, the 3d Plenary Session of the 13th CPC Central Committee put forward the need to improve the economic environment and rectify the economic order in order to insure the

continued progress of the reform work. It has decided to correct the situation of an overheated economy. Therefore, we must vigorously reduce the scale of capital construction, appropriately reduce the speed of growth in industrial production, control inflation, gradually reduce the extent of price increase, and create favorable conditions for reasonably adjusting prices and deepening the reform of the economic structure. In the following 2 to 3 years or a little longer, we must struggle hard for the accomplishment of this new task.

As we have said, the guiding ideology for our reform of the economic structure is to gradually make progress and improvements. In the course of the reform, we have to probe and formulate various specific measures and in this way we often lack an overall plan. Some of the measures attend to one thing and lose sight of another. Therefore, we sometimes cannot but change our course according to the objective situation and the continuity of our reform is affected. Now we must sum up our experiences in order to understand the existing specific problems and implement the new policy in a concrete manner. Here I wish to put forward the following questions for discussion:

At the End of Restructuring When the Economic Situation Was Very Good, Impatience for Success Again Overheated the Economy

Regarding the rate of economic growth, the magnificent goal proposed in 1980 aimed at redoubling the gross national product in 20 years which advocates a low rate of growth for the first 10 years in order to lay a good foundation for an economic takeoff in the next 10 years is a safe action plan. To rationalize the ratio between the various economic sectors, we have urged cutting down capital construction investments year after year. From 1979 to 1983, the annual investment increase in fixed assets averaged less than 10 billion yuan. Since the 4th quarter of 1984, we have been losing control over credit loans. Investment in fixed assets in the following years has grown at an average annual rate of around 50 billion yuan. The volume of paper money issued in 1983 increased more than 30 billion yuan over 1978, growing about 150 percent in 5 years. Compared with 1983, the paper money issued in 1987 again increased over 900 billion yuan, or 170 percent in 4 years. This year's increase will markedly exceed that of the past 4 years. The total increase in the last 5 years will probably be 250-300 percent. Inflation plus the excessive industrial expansion in 1985 added more fuel to the already overheated economy. In 1985, the State Council held four meetings of provincial governors urging retrenchment in capital construction and reduction in money supply. But the enthusiasm in growth was too high to be dampened; so the results were poor. When the industrial growth rate slowed down in the first half of 1986, up only 4.4 percent from 1985's super growth rate (23 percent), because of a reduction in credit, the various localities immediately cried production "backslide" and asked for more loans. Even when the annual industrial growth

reached 11.7 percent in 1986, some economic research personnel still thought it not high enough, advocated supporting high growth with inflation, and made incessant efforts to influence the leadership's decisions.

In only 8 years from 1978 to 1986, total industrial and agricultural output doubled, far exceeding the projected growth. But various localities across the nation were still not satisfied with this high rate of growth. One after another, they formulated their own development plans calling for the "realization of quadrupling the GNP 5 years earlier" and "requadrupling the GNP in 20 years." Some opening cities even demanded to "double the GNP in 5 years." Under these circumstances, total social demand rapidly expanded, and the gap between supply and demand further widened. This has compelled us to once again improve the economic environment, which is also to say making another readjustment. Of course, the current task of improving the economic environment is different from the readjustment of the past in that the former is being carried out at a time when the national economy is prosperous and the people's living standards have markedly improved. Therefore it should be easier. But the enthusiasm for rapid growth is very hard to cool off, and the resistance is still formidable. Past readjustments required only construction retrenchment without curbing the consumption funds. The current readjustment not only requires scaling down and preventing the demand on materials of construction projects from exceeding available supplies but also calls for control of consumption funds from excessive expansion, causing acute shortages of consumer goods in the market. Thus, the current task is much more difficult.

While Relaxing Microeconomic Control, We Fail To Grasp Firmly Macroeconomic Control With New Measures Suitable for Commodity Economy

Before the 3d Plenary Session of the 11th CPC Central Committee, the strategic goal of economic development was set in the 5-year plans and annual plans, and thus it was relatively easy for us to balance revenues and expenditures and credits and loans. However, there were shortcomings in the total reliance on administrative means to guide the economy, and rigid control over the economy and errors in the guiding ideology caused disproportions in our economy. After the 3d Plenary Session of the 11th CPC Central Committee, the economy began to show signs of liveliness as a result of increasing decisionmaking powers granted to local governments and enterprises and of growing market regulation, especially the scope of construction projects not covered by state plan. The 3d Plenary Session of the 12th CPC Central Committee decided to change the system of management in planning from administrative (direct) to economic (indirect) management. Under the new system, in addition to mandatory economic plans set by the State Planning Commission, extrabudgetary construction projects were to be planned under state guidance and the execution of strategic plans was to be supervised by the finance department, the bank in particular. After

the 3d Plenary Session of the 12th CPC Central Committee, a few government organs studied and formulated, in principle, long or intermediate range strategic development plans (without specific targets). However, these plans did not have legal effect as they were never discussed and approved by the State Council, still less supervised by the finance, banking, and other relevant departments for ensuring realization of the plans. At the same time, various provinces, cities, and counties also worked out their own strategic plans which were never coordinated and balanced with the overall plan. While competing with one another in a race for the target, these plans in fact contradicted the state unified planning. Now, it is clear that both state plans and local economic development plans must "take the overall situation into account" and coordinate with each other. As the unified plan and planning could not function properly, redundant construction and blind development caused serious waste in many localities and trades. This is a major factor in our inability to control the scale of capital construction.

Before the 3d Plenary Session of the 11th CPC Central Committee, redundant construction was avoided because all capital constructions were state appropriations. From the 1980's, state appropriations have been gradually replaced with funds at the disposal of local governments and enterprises and with loans provided by banks, thus making it difficult for the Ministry of Finance to control the scale of capital construction. At the same time, we successively introduced the practice of "eating from each one's own pot" and the system of holding administrative establishments at various levels responsible for their own finances. In order to increase their financial revenues, all provincial, city, and county, or even township and village, governments vied with one another in building processing industries that would require little investment but could yield quick results. In tobacco leaf producing areas, small cigarette plants mushroomed; in wool producing areas, they vied to construct small woolen mills; and in cotton producing areas, more small cotton mills were built, all using high-grade raw materials to turn out low quality products. Due to the shortages of raw materials, technologically advanced big plants were plunged into difficulties, while various localities obstructed each other and engaged in the "battle" of purchasing wool, silk cocoons, cotton, and so forth, resulting in anarchism more serious than that in the capitalist countries. Besides, because the product tax is collected by the local government—the taxpayer is also the tax collector—the tax, regardless of its rate, cannot give play to the regulatory role of taxation as an economic lever. Therefore, the improvement of economic environment and rectification of economic order also involves reforms in the finance, taxation, and other economic structures.

Before the 3d Plenary Session of the 12th CPC Central Committee, all banks basically practiced the system of "everyone eating from the same big pot," under which the banks turned over deposits to and requested loans

from the state. Hence, when it was announced in October 1984 that the ceilings for loans in 1985 would be based on the actual figures of loans issued in 1984, there were serious imbalances in the credit submitted by the banks in the fourth quarter of 1984. In the step by step reform of monetary management system in the next 2 years, the banks issued loans with their deposits and were able to make their own management decisions. However, due to lingering administrative interference in bank loans, the banks were unable to turn down requests for loans by various provinces, cities, and counties for carrying out huge construction projects. There were numerous "projects approved by leading cadres" and "projects approved with leaders' notes." Even without funds at its disposal, a company, once approved by higher authorities, could rely on bank loans for its operations. Thousands of privileged companies were set up in recent years with the approval of leading cadres at different levels. This is a secondary factor in our inability to control credit funds to banks. Bank credit is a very important tool for the state to exercise overall control over the economic development, in not only controlling the total scale of loans but also adopting special credit policies for key industries to ensure that bank credit does not deviate from the direction of strategic plans. So far, the banks still do not have the full authority and capability to shoulder this important task, which is a prerequisite for deepening the reform. Therefore, this problem should be resolved promptly.

To Straighten Out Prices and Deepen the Reform, It Is Imperative To Curb Inflation

Pricing is an extremely important lever for regulating supply and demand of various commodities. However, this lever can be given full play only under the condition that prices are decontrolled and market is regulated by the law of value. In the past, we practiced strict planned management of prices of commodities, which reflected neither their value nor supply and demand situations, and thus were unable to bring into play the regulatory role of the law of value. Since the 3d Plenary Session of the 11th CPC Central Committee, we have gradually reduced the scope of prices under planned management, decontrolled the prices of various small commodities and farm products, and introduced a double track system of state fixed and market fluctuated prices to major means of production. In the first half of 1985, we took an especially big step forward to develop a commodity economy and straighten out prices by lifting the control over all nonstaple foodstuffs in cities. However, as we failed to thoroughly estimate the contradiction between inflation on the one hand and straightening out prices on the other, all prices began to go up in the fourth quarter of 1984, and the margin of price rises increased continuously. Instead of exerting ourselves at curbing inflation, we set price ceilings on some commodities whose prices had already been decontrolled in order to bring price hikes under control. As a result, the pricing system which was almost straightened out by that time became distorted once again and imposed a major obstacle to deepening the reform.

In deepening the structural reform at this stage, we were confronted with two options: one was to make determined efforts at curbing inflation and price hikes while continuing to straighten out prices, and the other was to skirt round the pricing reform and deepen the reform through instituting the enterprise contractual system. While prices continued to rise in inflation, the institution of enterprise contractual system would prompt enterprises to, instead of going all out to strengthen their management and operations, try by hook and by crook to overfulfill contracted profits by raising prices in a disguised form or even by obtaining illegitimate profits through loopholes in pricing and speculation in the circulation. As prices are uneven, it is impossible for all enterprises to engage in fair competition on equal footing. The facts have proved that it is infeasible to skirt round the pricing reform to deepen the structural reform.

From the second half of 1987 to May 1988, the central authorities envisaged a breakthrough in deepening the structural reform by accelerating the pace of pricing reform and straightening out prices with lifting the control over prices. However, no determined efforts were made to curb inflation. All localities continued to indulge in high growth rate of production rather than making resolute efforts to scale down construction. Although the state plan requires that investment in fixed assets be cut by 20 billion yuan this year, it has actually increased by at least 30 billion yuan. As a result, the amount of currency being issued this year has greatly exceeded that of the previous years, thus escalating price hikes. In continuing to pursue high growth rate of production, some economic affairs research personnel have even advocated such fallacies as that inflation had nothing to do with price increases, and that China's currency policy should first guarantee production speed.

The price rise index reached two digits in August and September this year. Especially following the announcement that the pace of pricing reform was to be accelerated, people in quite a few cities rushed to withdraw bank savings and engaged in panic buying of goods. Such anomaly reflected a declining confidence in the renminbi. Hence, the central authorities promptly decided to convene the 3d Plenary Session of the 13th CPC Central Committee and worked out the correct policy decision on "improving the economic environment, rectifying the economic order, and deepening the reform in all fields," declaring that the pace of pricing reform will be slowed in the next 2 years and that determined efforts will be made to curb total social demand (first of all, to reduce the scale of investment) and bring the aggravating inflation under control. After going through twists and turns, we have finally returned to the correct path which will probably delay our pricing reform by 5 years.

We have made tremendous achievements in the economic construction over the past 4 years, and we should not panic at any setback. However, excessively fast development of the processing industry and undue scale

of nonproductive construction have imposed strains on the supply of energy and raw and semi-finished materials and caused new imbalances in the economy. To rectify the situation, we plan to cut the investment in fixed assets by a preliminary target of 50 billion yuan next year, in addition to the reduction that has already begun in the fourth quarter of this year. Even with the planned reduction of 50 billion yuan fulfilled, we can only meet the planned target set by the State Planning Commission for this year, and the construction scale will remain rather extended. This can only somehow ease the strains on the supply of production means, energy, raw and semi-finished materials, and transport.

As for financial and credit work for the next few years, all units from the top down should go ahead with one mind to adopt the "double tightening" policy and firmly bear numerous small difficulties so that our cause of reform will not be obstructed. We need not worry about an "economic shrinkage" because our construction work is still on a relatively big scale and can guarantee a fairly practical growth rate of production. As long as we firmly carry out the "three guarantees and three restrictions" policy [policy of guaranteeing the construction of projects included in the state plan, productive projects, and essential state projects while restricting projects that are outside the state plan, nonproductive, and nonessential] set forth last year, adjust our production structure according to the correct development strategy, and resolutely halt the large number of production and construction projects that produce no economic returns, it will be possible to boost the economic results of our work and guarantee the continued prosperity of our national economy. We must fully understand the importance and urgency of the work of firmly checking inflation and make prompt and resolute decisions to put the emphasis of reform and construction for the next 2 years on improving the economic environment and rectifying the economic order.

Since China's Economic Restructuring Is Aimed at Establishing Step by Step a New Order of Socialist Commodity Economy, Is No Way Should We Give Up the Price Reform

For the sake of improving the economic environment, we have to slow down a bit the pace of our price reform during the next 2 years. This, however, cannot be construed to mean that we want to give up the price reform. On the contrary, the purpose of our efforts to improve the economic environment is to check inflation and pave the way for the price reform. This must be understood by everyone. If we do not reform our price system, we cannot establish the new order of the socialist commodity economy, and if we fail to check inflation, our price reform will be out of the question.

To establish the new order of the socialist commodity economy, it is imperative to develop and make perfect the market mechanism. At the present time, the market mechanism in our country is still far from perfect.

Administrative intervention remains a big obstacle to the perfection of the market mechanism. This, coupled with the inflation-triggered skyrocketing price rise in recent years, has thrown the market into fairly great disorder. Some comrades erroneously regard such disorder as a result of economic structural reform, alleging that the development of the commodity economy inevitably leads to market disorder. This understanding is a big mistake. In developed capitalist countries, the development of the commodity economy has not led to a market disorder as we are experiencing today. In the late 1970's, they misused Keynesianism and overly used inflation to stimulate the growth of production, resulting in a double-digit rate of price hike. Because of this, a certain degree of disorder appeared in the market. In the early 1980's, however, they were determined to stop inflation, and as a result, there was a remarkable drop in the rate of price rise, and the market order gradually became stable. This year our increase in the issuance of currency has conspicuously exceeded that in previous years and the price rise has reached a double-digit rate. Such a state of affairs will inevitably lead to market disorder whether in a socialist or a capitalist country. This being the case, we must take some administrative measures to strengthen market management, strictly check indiscriminate price hikes and, in particular, ban such acts as taking advantage of the chaotic state of commodity prices to engage in speculation and profiteering. But all these are only steps that we have to take to meet the emergency. From the long-term point of view, we must adopt the radical measure, that is, to check inflation to gradually ease the price hike.

To rectify the economic order, now it is necessary for us to strengthen administration over the market for a certain period of time. In doing this, however, we should not go back to the old path of making no distinction between government administration and enterprise management. It should be understood that in the past our failure to separate government administration from enterprise management and our excessive administrative intervention against the objective economic law constituted one of the major factors adding to the disorderliness of the market. At present, many government organs and privileged companies are using their power for selfish ends. They are buying and selling urgently needed materials for profiteering, indiscriminately issuing import and export licenses, and conducting other illegal acts to make profits. They are the targets that we should aim at in strengthening administration at present. Corruption-free administration is a major asset by which our party has enjoyed the ardent support of the people. If we do not quickly deal with the problem of party and government officials abusing power for selfish ends, we will lose the support of the people. This will be more dangerous than inflation, runs on banks, and panic buying. Now, it is, of course, important to rectify the economic order and strengthen market management, but it is even more important to punish the abuse of power for selfish ends and guarantee a corruption-free administration. Frankly speaking, we have as yet to establish a

comprehensive democratic system, and for this reason, using political reform to ensure economic reform is an important key to the success of our on-going reform program.

To establish credibility among the people, we must have the courage to make our policy known to the people. Now, we must earnestly sum up experience and mobilize everyone from the top down around the country to resolutely carry out the guidelines set at the 3d Plenary Session of the 13th CPC Central Committee. If we do this in real earnest, our difficulties will certainly be surmounted.

Tian Jiyun Addresses Rural Work Conference
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[Speech by Tian Jiyun (3944 4764 7189): "It Is Necessary To Attach Great Importance to and Vigorously Develop Agriculture"—delivered at the National Rural Work Conference on 1 November 1988]

[Text] Comrades:

This rural work conference was called while the whole party and people of the whole country earnestly implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee. The central theme of this conference is: In combination with the realities in the rural areas, implement the spirit of the 3d Plenary Session, emphasize the study of deepening the rural reform, vigorously develop agriculture, and particularly strive hard to achieve a plentiful harvest next year and the year after. Now I shall give my views on the following four problems, and wish to invite our comrades' discussion.

I. Correctly Understanding the Rural Situation and Agriculture's Basic Status

Since the 3d Plenary Session of the 11th CPC Central Committee, pushed by the reform, our rural economy has attained breakthrough development. Agriculture has broken the period of long-term stagnation. In 1987, compared with 1978, annual grain production rose from 300 million tons to 400 million tons, an increase of 32.8 percent; non-agricultural industries and trades rapidly developed and the industrial structure has been gradually improved; the per capita annual income of the peasants increased from 133 yuan to 463 yuan, an increase of nearly 250 percent. We have basically solved the problem of the population of 1 billion people being dressed warmly and eating their fill. The rural areas in our country are gradually evolving from a natural economy and semi-natural economy to a commodity economy. This is a change with historical significance.

Seen as a whole, during these years the rural situation has been a good one and this should be fully affirmed. But we must also note that at present serious problems that cannot be overlooked still exist.

The current rural problem or agricultural problem is primarily the grain problem. Our country's territory being a large one, it is unavoidable that each year natural disasters of various kinds have occurred and between the years it is quite normal that harvests of the major farm products such as grain and cotton have been either good or poor, and that fluctuations have appeared in their output volume. The problem lies in the fact that since 1984, when our grain and cotton output ascended a new stage, it seemed to become hesitant and unsettled. If this situation continues unchanged, there will be serious effects on the reform, on the development of the national economy, and on the stability and improvement of the people's standard of living. Herein lies the serious nature of the problem.

On the problem of agriculture, and especially of grain, in recent years leadership comrades of the central government and the State Council have emphasized the problem of agriculture, and especially of grain. Comrade Deng Xiaoping said: "In agriculture, the main problem is grain. If reverses should occur in agriculture, it will take 3 to 5 years to rectify them." Comrade Chen Yun pointedly said: "Confusion will reign if grain is lacking." Comrade Zhao Ziyang said emphatically: "Agricultural production plays a great restraining role in the development of the national economy." "We must tightly grasp the grain problem." In his report on government work at a meeting of the Seventh National People's Congress, Comrade Li Peng pointed out: "The stable growth of agriculture, particularly of grain production, is the foundation for the long-term stable development of the national economy." These comments on the problem by the leadership cadres of the central government are most penetrating and conform with reality. They are the correct summation of the positive and negative experiences with regard to the development of our economy and constitute important guiding thoughts on the development of our national economy. We must deeply understand and implement the spirit of these directives, and attach great importance to and vigorously develop agriculture.

Solving the problem of agriculture, and especially of grain, requires various efforts. But first we must deepen the understanding of agriculture's basic position. Although this is an old problem, under the new historical conditions, it is necessary to further deepen the understanding. Agriculture is the foundation of our country's national economy. This conforms with the objective economic laws of the national conditions of our country. We can only understand it, and consciously employ it, but definitely must not go against it; otherwise, we shall be punished. On this score, we can learn from the many experiences of the past several decades. Under the new historical conditions, is it true that agriculture's fundamental status has been changed and does not need to be strengthened? Definitely not. In the new situation, for the sake of deepening the understanding of agriculture's fundamental status, there are, possibly, several concepts that must be clarified.

First, we must not give way to the belief that with the great development of industry, agriculture's basic status is changed. At present, in the gross industrial and agricultural output value of our country, the ratio of the output value of industry to that of agriculture has been changed from 3:7 to 7:3. This is a significant change. But it does not indicate that agriculture no longer occupies the basic position. On the contrary, agriculture's basic position can only be strengthened and not weakened. This is because following the development of industry and the increase in the non-agricultural population, agriculture is inevitably called upon to provide a larger quantity and better quality of raw materials and food. And what is more important is that the further development of industry must depend on the vast market of the rural areas with a population of 800 million peasants. Undoubtedly development of our country's industry must face the world market and foreign trade must be actively expanded. But principally it must set its feet firmly on the domestic market, especially this rural market. Only through the further development of agriculture and the peasants becoming even better off is it possible to enlarge the capacity of this market and thereby further push the development of our country's industry. A prosperous industry must have a prosperous agriculture as a foundation. So far as our country is concerned, it is like this. Besides, agriculture must bear the important tasks of earning foreign exchange by means of its exports. It is directly related to the conditions of our country's export trade and the ability to introduce technological equipment.

Second, we should not come to the belief that with the solution of the problem of the people being dressed warmly and eating their fill and a noticeable increase in the income of the peasants, the agricultural problem is solved. The report to the 13th CPC National Congress pointed out that the strategic arrangements for our country's economic construction are divided into three stages. After several years' effort, we have basically solved the problem of a population of 1 billion people being dressed warmly and eating their fill. This is truly an enormous accomplishment. However, there are frequently two sides to a problem. Perhaps it is because of the fact that by far the great majority of people can eat their fill, while some are eating comparatively better, plus the fact that in comparison with developing certain processing industries and the service trades, the increase in income from developing agriculture is not as fast, the vigorous development of agriculture, and particularly of grain, is not deemed so urgent. In reality, we must still note that in our country there continue to be people who have not yet solved the problem of being dressed warmly and eating their fill. Hence, further difficult and tedious efforts must still be made, and at the same time, with the realization of the targets of the second and third stages continuing to proceed on this basis, higher demands will continuously be made on agriculture. We must widen our vision and set our sights on a broader perspective.

Third, we must decidedly avoid using the ideology of petty agricultural economy to guide the construction of

modernized agriculture. Agriculture being the foundation for developing the rural economy and the entire national economy, we must build up for it an industrial structure that is pluralistic and has many layers. What we want to build and develop is big agriculture, with the gradual realization of agriculture's specialization, commercialization, and modernization. Only a change of this kind is a fundamental change. We are now taking only the first step in the direction of this target and the tasks are heavy while the road is a long one.

In short, in the new situation, agriculture is still the foundation of the national economy and grain is the root of the foundation. As the common saying goes: "to the common people food is above everything." In this country of ours, with a population of over 1 billion people, if the problem of eating is not first solved, if the problem of being dressed warmly and eating until full is not solved, there is nothing else to talk about. Following the yearly increase in the population, the gradual elevation of the people's standard of living and the gradual changes in the food structure, the demands on grain will be steadily increasing. Despite the fact that the food structure of our people must correspond with the actual conditions of the country, the increase in the demand on grain is an irreversible trend. At present, the population of our country is growing at a rate of more than 10 million a year, while cultivated land is being reduced at a rate of 3 to 4 million mu a year, and the annual grain consumption is increasing at a speed of 10 to 15 billion kilograms a year. Hence, seen in the long run, the guiding sides of grain in our country are not too many, but not enough.

Our country is a big country, and to solve the grain problem we must concentrate on self-reliance and regeneration. Naturally, at the moment we are each year exporting and importing a definite quantity of grain as a measure of adjustment between periods of good or poor harvests, but decidedly we cannot for a prolonged period continue to import large quantities of grain to get by. At the same time, we must note that due to various conditions the production conditions of agriculture in our country have not been making much improvement, and in the past 7 to 8 years investments in agriculture have not increased while investment in water conservancy construction has been rather greatly reduced. As a result, the material and technological foundation has been weakened, the original equipment and facilities are ageing, their power to resist natural disasters is not strong, the resources have been overutilized, soil fertility is falling off, and if nature is not kind to us there will be a general decline in the output of agricultural crops.

In summary, we may say that the situation confronting agriculture in our country, particularly in grain production, is that first demand has been continuously increasing; second, the increase in supply volume has been limited; and third, development is lacking. This is the basic condition. It explains that the agricultural foundation in our country is still very brittle. It should be noted that the agricultural problem is definitely not a partial

problem but a problem that has a bearing on the situation as a whole. It is not like a problem of ordinary economic work but is an important economic strategic problem and likewise a political problem. Our basic national conditions are: we have a population of 1 billion; we are still in the initial stage of socialism; the level of our productive forces is low; we depend on agriculture for food; for development of our light and textile industries we need agriculture to provide the needed raw materials; and earning foreign exchange from exports requires agriculture. Therefore, we must make a strong determination, devote the utmost efforts to, and spend money on developing agriculture. This is the current need for ensuring the stability of the people's livelihood and social stability. It is also a strategic task to ensure the long-term stable development of our national economy. Regarding this problem we must unify our understanding. The earlier the understanding, the greater will be the initiative, and the deeper the understanding, the more conscious will be our actions. If we wait until agriculture shows signs of withering and then proceed to make urgent readjustments, then it will be more difficult, the time taken will be longer, and the price paid will be much heavier. Then we will perhaps have committed a historic error. Naturally, this does not mean that the prospects for agricultural production in our country are bleak or that nothing else can be done. Any situation must be looked at from an overall standpoint and we must not fail to see that the potential production increase in agriculture including grain is still very great. Thus, regarding this problem, there is no reason to be either over-optimistic or over-pessimistic. What is important is that we adopt positive and effective measures to strengthen agriculture's fundamental position, continuously increase the stamina in agricultural development, and make longterm and tireless efforts in this connection. Only by so doing can our country's agricultural production, particularly in grain, realize a sustained and stable development, ascend to a new stage, and open up a new era.

II. Gradually Pushing and Deepening Reform of the Rural Economic Structure

Solving the agricultural problem requires fully stirring up the production enthusiasm of the extensive masses of peasants, and continuously increasing the vitality of agriculture itself. To accomplish this we must rely on reform and deepening the reform.

Comrade Deng Xiaoping recently pointed out the necessity of earnestly summarizing the experiences gained in our 10 years of reform. This is extremely correct. For the sake of further deepening and improving the rural reform, it is necessary to make a systematic summary of the experiences in order to help in unifying understanding. Here I shall refrain from talking about the concrete experiences in reform, as anyone can make that summary. I shall briefly dwell on my general views on the rural reform over the past 10 years.

Our rural reform has been in force for 10 years and has truly achieved certain great accomplishments. In the first few years efforts were principally devoted to enforcing the contracting responsibility system with remuneration linked to output. This progressed rather rapidly and obvious results were achieved. In recent years, the efforts were directed principally at reforming the rural circulation structure, establishment of a market mechanism, and readjustment of the rural industrial structure. The reforms along these lines have also achieved certain progress and reaped certain results. But compared to the reform in the earlier years, the pace of progress was not so fast. Does this indicate that the situation of the reform is not so good and that it is hesitating in moving forward? We should not look at it in this way.

In my opinion, as a whole, the situation of rural reform is a good one and is basically sound. Naturally, there exist certain problems that need to be solved. As for why the reform has not progressed as rapidly in recent years as in the first few years, a concrete analysis needs to be made. The reform in the first few years was principally undertaken internally in agriculture and had little connection with the urban areas. Hence its development was faster. In recent years the reform merged into one with the reform in the cities and towns and cannot be completed within the agricultural domain. The problems encountered in this step of the reform, such as the price problem and the circulation problem, are rather complex and need to be carried out in coordination and at the same time and the same pace with reform of the whole economic structure; it cannot be solved by agriculture itself. At the same time, it should be noted that readjusting the rural industrial structure, improving the market mechanism, and developing the rural commodity economy constitute prolonged tasks, require a gradually progressing procedure, and cannot be accomplished within a short period of time. The reform is continuous and must be carried out in stages. Realizable tasks must be carried out with an active and energetic spirit to achieve their realization, whereas in the case of those long-term tasks that cannot be solved at the moment, we should desist from making such efforts. Otherwise, errors would be committed and the reform would suffer the consequences. In short, the chessman of rural reform must be put on the whole chessboard of reform of the economic structure to play with due consideration and planning and the attitude must be positive and steps taken must be firm and steady.

In accordance with the spirit called for by the 3d Plenary Session of the 13th CPC Central Committee to push a reciprocal and coordinating all-round reform under leadership guidance and in an orderly manner, the next step is to carry out well the following lines of work so as to actively and safely push rural reform to continue its advance.

(1) Stabilize and improve the contracting responsibility system with remuneration linked to output. This system which takes household operation as the principal unit

conforms with the level of productive forces in the great majority of the rural areas in our country. It still possesses a strong life force and should be maintained and stabilized so that it can be further improved upon and can fully display its strong points.

It is necessary to actively develop and strengthen social services. At present, the peasants sorely need services before, in the course of, and after production. We should guide and vigorously advocate, through the use of combination forms, the strengthening of social services, and gradually form many multi-layer economic and socialized structures, of various forms and various kinds, to provide services to the peasants in the realms of information, technology, finance, plant-protection machines, storage facilities, circulation and management. Attention should be paid to improving the tactics of services and to formulation of corresponding policies to promote the further development of social services. These are the important measures in improving the various forms of the contracting responsibility system with remuneration linked to output and with the household as the main management unit.

In localities that possess the necessary conditions, dimensional operations [shi xing shi du de gui mo jing ying 1395 5887 6624 1653 4104 6016 2875 4842 3602] should be appropriately enforced. Enforcing an appropriate degree of dimensional operations helps to raise the soil productivity rate and labor productivity rate. This will basically solve the problem of the relatively low benefits of planting grain, and is a necessary step in realizing specialization, commercialization and modernization of agriculture and to the improvement and development of the system of contracted responsibilities on the household basis with payment linked to output. There are two preconditions for enforcing the dimensional operations. One is that the surplus labor force has full opportunity to find employment and the other is that there must be definite accumulations. In the coastal areas, suburbs of large cities and towns, and localities near industrial and mining areas where economic development is rather fast, township and town enterprises have relatively developed and the degree of the united relationship of agriculture, industry, and commerce is rather high, the necessary conditions do exist, and we may take the opportunity to gradually enforce dimensional operations to a certain extent. Enforcing dimensional operations to a suitable degree in the breeding trade is not dangerous and may be actively pursued. Enforcement of dimensional operations can be carried out in various forms, in collective farms, or in specialized squads and may also be in the form of household farms or specialized large households. the dimensions of the operation must be appropriate and must go the road of intensive farming as only by so doing can the soil productivity rate be raised. Enforcing dimensional operations cannot resort to administrative directives, there must be no hurry, and the principle of volition must be insisted upon. In particular, attention should be given to

firmly insisting on going the direction of the reform and on the side of distribution we should not trend on the road again of everybody eating from the same big pot.

Along with firmly insisting on the system of contracted responsibilities on the household basis with payment linked to output, attention should be paid to the development of rural organizations of various ingredients and various forms, and to carrying out combination and cooperation at various levels and in various stages. Naturally this is not simply massing together means of production into an aggregate whole, but the principles of self-consciousness and self-volition must be firmly insisted upon, the peasants' autonomous rights must be respected, their interests must not be infringed upon, and issuance of compulsory orders must be refrained from.

Ours is a big country, and there is much disparity in the level of development of the productive forces of the various localities. Hence the production management form cannot be of one pattern; nor is it possible to copy in total the methods of other places. We cannot make one device applicable to all, neither in the country as a whole nor in the inland areas separately; otherwise, damage will naturally be done to the productive forces.

(2) Strengthening the macroeconomic adjustment and control and market management of the major agricultural products and important means of production for agricultural use. In recent years, we have deregulated certain agricultural and sideline products. This is necessary, but after deregulation necessary measures of coordinating the adjustment, control, and management of certain agricultural products have been lacking, and also lacking have been methods of treating the order of circulation. This is one of the important causes for the appearance of various types and kinds of "trade wars" disrupting the market order and pushing a large-scale increase in prices. Grain, cotton, and edible oils are major agricultural products with a bearing on the national economy and livelihood of the people. For a considerable length of time, contradictions in internal supply and demand will be rather outstanding. For the sake of controlling the large-scale increase in commodity prices, checking and restraining currency inflation, stabilizing the economy, and also stabilizing the people's livelihood as well as social order, it is absolutely necessary to strengthen the macroeconomic adjustment, control and management over these commodities. Recently, the central authorities and the State Council have formulated certain regulations principally to strengthen the market control of such agricultural products as grain, cotton, and raw silk and put chemical fertilizer, farm medicine, and plastic sheeting for agricultural use under specialized management. The State Council has already issued separate circulars on this. I shall not dwell on them here.

What needs to be specially emphasized here is that deregulation and enlivening are not in direct contradiction to strengthening macroeconomic control. On the

contrary, the two are synonymous. Deregulation is not equivalent to giving up control altogether. Deregulation and enlivening are reform, while strengthening macroeconomic adjustment, control, and management is also reform. At the moment, they are both for the purpose of facilitating the healthy development of the economy. Naturally, when we talk about control, we do not mean controlling all the commodities to the strangling point, nor taking the originally trodden path. We mean that under the preconditions of firmly insisting on reform and opening up, the general direction we strengthen, by means of deepening the reform, macroeconomic adjustment control, and management, ensures the smooth progress of the reform and the healthy development of the economy.

(3) Gradually pushing reform of the circulation structure and prices of agricultural products. Reforming the agricultural products circulation structure and prices is, under the conditions of a commodity economy, the basic condition for ensuring agriculture's steady development. However, these two reforms are both related to the readjustment of the economic interests of the whole body of constituents of society and to the ability of the enterprises and consumers to bear them, and they directly affect social stability and the normal movements of the economy. There is a high degree of difficulty. Under the current conditions of supply and demand relations tending to the stringent side on the part of main agricultural products, a full-scale deregulation all at once is unrealistic. The result would be further worsening of the supply and demand relations and aggravation of the conflicts in supply and demand relations, leading to the further increase in commodity prices and aiding the growth in currency inflation. Hence, reform of the agricultural products' circulation structure and prices must go through a period of time and cannot be achieved all at once; and what we can do is watch the changing conditions, in a planned manner and by active steps, steadily and gradually pushing it through. From the actual conditions of our country's economic development, it seems the "double-track system" of combining the enforcement of planned control of the circulation and prices of the main agricultural products with regulation by the market mechanism cannot be abolished in the short run.

As an actual measure in deepening the reform, the State Council has decided to take a suitably large step forward in the reform next year. Here, it needs to be explained that in developing agriculture it is necessary to place importance on using the law of value. At present, the contracted purchase price of certain agricultural products, particularly grain, tend to be on the low side which is disadvantageous to the development of agricultural production and definitely needs to be reformed. But, carrying out such measures requires certain definite conditions. In the next 2 years, the central task of our economic work is to control the large-scale increase in the commodity situation. Under such conditions, raising the prices of agricultural products to an overly large extent is an impossibility and will be harmful to the

whole situation. We must abide by this whole situation. Regarding this problem, we must perform more ideological work among the vast masses of cadres and peasants at the grass-roots level, and tell them the truth. At the same time, it should be understood that developing grain production cannot rely only on readjusting the grain prices. It must be supplemented with readjusting the interests between the industries and trades. We should not believe that smoothing out the prices is simply raising the prices of agricultural products. Raising prices is only one aspect. Another aspect is that, regarding the excessively high prices of certain agricultural and forestry special products which have been blindly allowed to be fostered and developed, necessary measures of restriction of interests must also be made. Only by so doing is it possible to protect the interests of the producers and the consumers, ensure the basic stability of the supply and demand relations, and help in realizing the rationalization of the industrial structure and the structure of the agricultural crops. It must also be noted that raising grain prices to the high price level of fruits and aquatic products and the level of benefits of the secondary and tertiary industries is not realistic and cannot be done, otherwise it may bring about the competitive climbing of prices with prices alternately rising and forming a restoration of irrational price competition on the level of extremely high prices. Therefore, grain must be set as a standard for the prices of agricultural products. The whole situation of the prices of various agricultural products must be taken into consideration and by means of the state's functions and such other economic measures as taxation and various forms such as industry supplementing agriculture, and industry building agriculture should be resorted to rationally readjust the interest relations between the various industries and trades and to determine the rational ratio of benefits between the various industries and trades and the various kinds of agricultural products in the rural areas.

Reform of the prices of agricultural products must be carried out in coordination with the reform of the circulation structure. From now on, in price reform, particularly in reform of large bulks of agricultural products, it must be combined with treatment of the economic environment and consolidation of the market order, in order to gradually build up a new order for socialist commodity economy and ensure the healthy development of the market for agricultural products. Hence, along with readjusting the prices of agricultural products within the plan, we should improve and perfect the market exchange conditions of those agricultural products that have already been deregulated and set up a new circulation structure. For the sake of ensuring the normal progress of the wholesale transactions in grain in the various provinces, municipalities and autonomous regions, it is necessary to establish central wholesale markets and local wholesale markets under state management in the principal grain collection and distribution points. This kind of work should be grasped firmly and performed, otherwise the normal exchange and circulation of large bulks of major grain products cannot

be carried out. Strengthening grain control is necessary but not to the point of strangling it to death. Certain product varieties and transactions in small quantities should be flexibly and suitably liberated. Country fair transactions should, as usual, go on. Unifying all and contracting all should not be allowed and in fact cannot be done. Management work should be continuously improved and the methods employed should be gradually perfected. At the same time, in large and medium-sized cities, various types of wholesale markets for vegetables, fruits, and animal products should be established, at the same time paying attention to developing in wholesale markets initiated by the peasants and gradually forming an open type of market network. To increase the transparency of the markets, reduce market risks and control the extreme fluctuations in price and undulations in production of agricultural products, we should actively develop trading in futures and various kinds of long-term contractual trading. This may be first tried out in certain traditional agricultural products collection and distribution points so as to absorb experiences which, when matured, may be further promoted and spread. In addition, efforts should be made to change the state of the supply and demand of products being separated from each other or mutually dislocated. A new structure featuring the unification of management and operation of supply and marketing of products should be gradually established. At present, piloting points have been set up in many localities and notable results have been attained. Next year the scale of the piloting points may be enlarged. Supply and marketing cooperatives are one of the main channels for the circulation of urban and rural products. It is necessary to further push the reform of the structure of supply and marketing cooperatives, speed up their commercialization, and improve their operation mechanism, to the end that the cooperatives may become commercial enterprises possessing autonomous operation power and independent interests and can better serve the peasants and promote the development of the rural economy.

(4) Starting from reality, gradually and steadily readjusting the rural economic structure. Following the continuous development of the rural economy in our country, to readjust the rural industrial structure so that it can gradually become rationalized is a direction that is correct in essence. In recent years certain progress has been made in this connection. We must be determined to carry it on. In readjusting the rural industrial structure it is necessary to correctly handle the relationship between developing agriculture and developing the secondary and tertiary industries. Developing town and township enterprises is correct but we must not look down upon agriculture. If agriculture is foresaken and grain production is given up in favor of industry and commerce, in the end losses will be suffered. In readjusting the rural industrial structure, we must take agriculture, that is, primary industry, as the basic industry. This is determined by the basic special features of the rural economy of our country, and is also the objective demand of the division of work and division of trades in the rural areas.

A pluralistic rural industrial structure must be built on the foundation of commercialized agriculture. This is true not only in economically relatively developed regions as well as in relatively regressive regions. Regions which economically are relatively developed should still gradually set up developed types of agriculture, become the pioneer regions in agricultural specialization, commercialization and modernization, and decidedly should not weaken agriculture. In readjusting the rural industrial structure we must suit the conditions of the locality, start from reality, choose grain if suited to grain, choose forest if suited to forestry, choose animal husbandry if suited to animal husbandry and choose fisheries if suited to fisheries. We cannot disobey economic laws and the laws of nature. Generally speaking, the level of the productive forces in the rural areas in our country at the present stage is low. This determines that our readjustment of the rural industrial structure will require a long process, that it must be carried out in a planned manner and in separate stages and that it cannot be done in a hurry or on the spur of the moment.

At the same time, it is necessary to correctly handle the relationship between developing grain production and developing multi-form operations. The two do not stand on opposing sides; rather, they are conditions for each other, and promote each other. We must not, as soon as we talk about developing multiforms of operations, weaken or restrict grain production nor should we abandon multi forms of operations altogether once we talk about developing grain production. The two must be combined together. In our country there are many barren hills, barren mountain slopes, grassland, water surface and subterranean resources. There are many roads to opening up multi-form operations. Decidedly we should not confine the development of multi-form operations to reducing the planting area for grain crops or weakening in any way grain production. We must write up the theme on developing various forms of operation by pointing out the many ways and means available and the possibilities of comprehensive development. Developing grain production and developing commodity economy are unanimous and cannot be opposed to each other. In developing commodity economy, we cannot overlook or weaken grain production. Increasing by proper means the production of commodities with a high surplus value should not be subjected to any criticism, but if everybody turns away from planting grain, where will grain come from? Grain is a large commodity with a bearing on the national economy and the people's livelihood. By not developing this big commodity, production of other commodities will be restricted. Even though money can be made we must not care for the small account and neglect the huge account of social benefits. We must not look only at quick profits but must also watch out for the longterm interests. In recent years, many kinds of "enthusiasm" and "airs" have appeared on the scene. In particular, large areas of cultivated land have been converted into fish ponds or for planting fruits. Despite

that for the present profits can be made, in the long run the consequences are full of worries. In fact, many localities have begun to understand and feel the seriousness of this problem.

III. Actively Pushing a Faster and Larger Development of Agriculture, Especially Grain Production

Agriculture is the biggest restrictive factor in the development of the entire national economy. The state of the development of agriculture, particularly grain, not only has important effects on the realization of the "Seventh 5-year Plan" and of the economic development targets set for the end of this century but also is very important to such tasks in the next 2 years as treating the economic environment, consolidating the economic order, restricting currency inflation and controlling the large-scale increase in commodity prices. Comrade Zhao Ziyang's report to the 3d Plenary Session of the CPC Central Committee pointed out: "Solving the problem of gross demand surpassing gross supply requires, on the one hand, restricting the inflation of gross demand and, on the other hand, needs the exertion of great efforts to improve and increase effective supply." To increase effective supply, first of all it is necessary to stabilize and further develop agriculture, particularly grain production. With grain in hand, and solving the problem of the "food basket," there is basic stability in society. In the next 2 years, the speed of our economic development will be appropriately lowered and the scale of capital construction will be suitably depressed but in the case of agriculture, especially grain and cotton, production cannot be loosened, and cannot be depressed. Rather, their development steps must be quickened and their work must be strengthened. In particular, ways and means must be worked out from various sides to organize the various industries and trades to support agriculture in the untiring efforts to achieve a bumper harvest in the next 2 years, particularly next year. This is a major affair with a bearing on the economic situation as a whole. It urgently needs to attract a high degree of important attention from the whole party, the governments at various levels, and various circles of society.

(1) There must be determination to increase the input into agriculture. Only by combining the peasants' production enthusiasm with corresponding input can agricultural development be promoted. In the past 3 years, the increase in grain production has been slow. One of the important reasons was the reduction in the input into agriculture. If it is hoped that by the end of the century our country's agriculture, particularly grain production, can ascend two more stages or steps, then it is necessary to increase the input in agriculture and create the material foundation for agriculture's longterm and stable development. This is a problem that cannot be evaded but urgently needs solving.

In increasing the input into agriculture, it is necessary first to go through many channels to increase the investments of funds in agriculture. We must adopt adequate

policies to attract and encourage collectives and peasants to increase their input in agriculture. This should be the main body of the input into agriculture. From now on, the state will continue to increase the investments in agriculture, principally in the form of treating, building large commodity base areas, and undertaking large-scale opening-up and construction projects of a strategic nature such as the technical transformation of farmland of low or medium yield. However, at the moment the state has limited financial resources and it will not be realistic to increase all at once many investment projects. For this reason, the input into agriculture will have to greatly depend on the self accumulations of the localities and the rural areas. The mobile financial power of the localities should be employed more in agriculture. The principle of "taking from agriculture and using it on agriculture" should provide the guiding force for raising funds for use in the development of agriculture. In this connection, the State Council will formulate concrete regulations.

Treatment of rivers, afforestation, flood prevention and anti-drought measures are extremely important to stabilizing and developing agricultural production, improving the ecological environment, and protecting the state and the people's lives and properties. However, during the "Sixth 5-Year Plan" period, in many localities water conservancy investments were greatly reduced, basically relying on the water conservancy projects built in the 1950's and 1960's. The sources of funds for forestry are insufficient and afforestation proceeds at a slow pace, whereas destruction of the forest resources has been extremely serious. This situation must be rectified. We must go through various channels to increase the input in water conservancy, ensure that there will be no problem with the large rivers and water lanes and the reservoirs, and increase the ability to fight against flood and drought. We must mobilize and organize the peasants to greatly undertake water conservancy construction and increase the labor accumulations. In strengthening forestry construction, we should turn to various channels to raise funds so as to increase the input into forestry. In particular, we should perform well the jobs of setting up protective forest belts along the middle and upper stretches of the Chang Jiang, the "San Bei" region and the coastal areas, afforesting the plains and planting rapid-growing forests. We must stop the bad practices of the random cutting down of trees, perform well the anti-bacteria and fire prevention work in the forest areas so as to ensure the safety of the forest resources. Along with actively developing the plantation trade, importance should also be placed on developing the breeding trade, building bases for the main subsidiary food products, particularly measures to foster hog production. We should prevent the appearance of new undulations and also greatly develop grass-eating animals. Management of the funds intended for investment in agriculture should be strengthened. They should be used only for

developing agriculture and not for any other purposes. Their usage should be relatively centralized and ways and means should be sought to substantially increase the benefits from using them.

Another side of the input is to increase the material input into agriculture and expand the supply of the means of production for agricultural use. This is an urgent task. To solve this problem the key lies in developing the industries associated with agricultural use and expanding their supply capacity. In the next 10 years, we must, in a planned manner and picking out the major ones, establish a batch of backbone enterprises in industries for agricultural use, speed up the modernization of these industries and principally expand the production capacity and volume of the supply of chemical fertilizer, plastic sheeting for farm use, farm medicines and farm machines. The State Council has decided that next year the supply of chemical fertilizer will be expanded and the priority supply of the raw materials needed for the production of chemical fertilizer, sheeting and farm medicines will be assured. Naturally, in developing agriculture, paying attention only to chemical fertilizer is not sufficient and the use of organic fertilizer must be regarded as important.

For various reasons, in recent years the various localities have not paid much attention to the use of organic fertilizer and the phenomenon of simply using chemical fertilizer is rather general. If this situation continues, it will be rather disadvantageous to improving the structure of the soil nutrient in our country and to the preservation and fostering of soil fertility. Hence, we must take the increased application of organic fertilizer as an important guideline and policy in developing agriculture. We must study certain new methods and adopt effective measures to increase the input of organic fertilizer. In the contracting agreement for use of land there should be a basic provision for the application of peasant household fertilizer to maintain soil fertility so that the contractor's responsibility is clearly defined. In large and medium-sized cities and towns, we should gradually make use of the plants to handle the matter of organic fertilizer. They may process the organic fertilizer into piece or powder form for use as refined organic fertilizer which is good in quality, cheap in price and readily transportable.

(2) The role of science and technology in the development of agriculture should be put into fully play. Science and technology are potential and actual social productive forces. Ours is a country short in the resources of cultivated land. We must pay attention to economy in the use of land, and strictly forbid the random occupation of cultivated land. This is entirely necessary, and is our basic state policy which must be firmly insisted on, truly grasped and never allowed to be loosened. However, be it seen realistically or in the long run, from now on so that our agriculture can be further developed

greatly, we must rely all the more on the progress in science and technology. This is the basic way out for the development of our agriculture.

At present, there is a serious shortage of scientific and technical personnel in agriculture. This is a big problem. We must resort to various means to strengthen the training of personnel, particularly the fostering and training of mid-level agricultural technical personnel. This will all the more meet the needs of development of our agriculture at the moment. Agricultural scientific research organs should be strengthened. The role of agricultural technology promotional stations below the county level should be fully displayed, so that they may become in the rural areas basic and important service and advisory organs in science and technology. We must do our utmost to gradually improve the working conditions and treatment of agricultural scientific and technical personnel, stabilize and augment the agricultural scientific and technical contingents. For the sake of expanding the role of science and technology in agricultural development, the urgent task at the moment is deepening the reform of the scientific and technological structure and creating a lively mechanism and good environmental conditions for science and technology to turn in the direction of agriculture. The fruits of scientific research should be put to use step by step and the compensatory transfer and services of science and technology should be promoted. Scientific and technological services should be joined together with business services.

We should actively promote the planting technology of advanced agricultural crops which require little investment but yield high benefits, and at the same time pay attention to displaying the strong points of our country's traditional agricultural technology. In the past 2 years, the techniques of covering the soil with plastic sheeting, use of superior seeds and drop irrigation have demonstrated their powerfulness in increasing agricultural production. Localities possessing the necessary conditions should promote their application. The "star and fire plan" enforced in the scientific and technological departments and the "bumper harvest plan" carried out in agricultural departments have played an important role in promoting agricultural production and should be further improved upon. In the agricultural scientific and technological field, the introduction work done by us so far has been rather weak and needs to be strengthened. The coastal areas which have opened up to the outside world should make use of their advantageous conditions and do more work in this connection, gradually radiate the lessons learned to the inland areas and guide the latter in the development of science and technology in agriculture.

(3) Actively pushing agricultural development. To meet the continuously increasing demands on agricultural products from the population growth in our country and from foreign exchange earnings from the export trade, merely depending on the existing cultivated land and on circling around and groping in conventional agriculture

is not sufficient. We must fully utilize our country's plentiful natural resources and manpower resources and actively carry out agricultural development and the development of agriculture that can earn foreign exchange. This is a project of a strategic nature in our country's agricultural development and is an important step to realizing the targets of our country's agricultural development prescribed for the end of this century.

So-called agricultural development or opening up of agriculture consists of, first, transformation of farmland of medium-grade, or low, yield and bringing up the benefits of the existing cultivated land and, second, opening up and utilizing new agricultural resources. Opening up our country's agriculture has great potential. In the country as a whole, farmland of a medium-grade or low yield occupies about 50 percent of the total cultivated land and, besides, large tracts of barren land, barren hills, barren water areas and barren beaches are available for development. The prospects of the breeding trade in nearby waters and of fishing across the oceans and seas are extremely wide. Doing well in these respects can very possibly change the whole face of our agriculture. We should have a sufficient understanding of such a possibility.

Agricultural development is a new enterprise. It should take development of commodity economy as the guiding ideology, implement the spirit of the reform, and tread on a new road which conforms with our country's actual conditions. We must change the past methods in agricultural investment of there being only input but no returns, no value-increment and lacking motive power and vitality. We must adopt the operational type of development. The input of development funds must be linked with economic benefits. Funds of an operational nature must be used with compensation, periodically retrieved and kept in constant circulation. But it must be noted that we must refrain from setting up new organs at each step. We must make an overall plan, fix the projects, publicly solicit tenders, introduce the competitive mechanism and enforce development of the opening up type. At present, the state's financial strength is rather limited, it can only render its support by means of policies and more will have to rely on the strength of the localities, strength of the populace, strength of whole society, and the appropriate utilization of international strength, to extensively raise funds. Participation in the development of the San Jiang flatlands of Heilongjiang Province by Beijing municipality, Suzhou City and Ningbo City amply illustrates that agricultural developing offers attraction to economically relatively developed areas and large-and medium-sized cities. Development of the opening up type also includes encouraging local peasants to take part in the development, contract for development projects and establish development enterprises.

It must be emphasized that land newly opened up can no longer be simply distributed to a family or a household. Rather, from the start it should be appropriately congregated for the dimensional operations. We must carry out

opening up of the comprehensive and three-dimensional type, actively develop an opening up series extending from production of products of the initial grade to the unification of processing and marketing of products, establish development enterprises featuring the combination of agriculture, animal husbandry and forestry and aligning in "one-dragon" shape of agriculture, industry and commerce, and bring about the combination of agricultural development and the overall improvement of the economic structure. We must pay due note to the employment of modern science and technology, give equal regard to development and protection, and correctly handle the relationship between short term and longterm benefits, economic benefits and ecological benefits and microeconomic benefits and macroeconomic benefits. There must be major points in agricultural development which should be pushed in a planned manner and gradually. In the whole country, the resources available for development are plentiful but at the moment only limited funds are available and it is not possible to undertake all-round development. This year a start has been made in the development of the Huang He and Huai Hai flatlands, the Song Liao flatlands and so forth and in the establishment of sugar and cotton base areas in Guangxi, Yunnan, and Xinjiang. From now on, the development program should be well planned, and gradually expanded to a wider scope.

Simultaneous with strengthening agricultural development, efforts must be devoted to performing well the job of setting up commodity base areas for the major agricultural products. This is an important aspect in the development of our country's agriculture. It must be grasped firmly and there must be no letting up. The vast rural areas along the coast should, following the demands of the international markets, strive hard to develop the type of agriculture which earns foreign exchange.

(4) In the course of treatment and consolidation, we should steadily develop town and township enterprises. Town and township enterprises have become pillars in our rural economy and have played an enormous role in such aspects as raising the peasants' income, transferring rural surplus labor force, readjusting the rural economic structure, expanding agricultural accumulations and so forth. Moreover, they have made valuable contributions to the development of the entire national economy. These new enterprises being the work of the millions of peasants in the country, we must give them our warm support and correct guidance so that they can develop in a healthy manner. What needs to be pointed out is that currently town and township enterprises are facing changes in the economic environment. Following the gradual enlivening of the state-run enterprises in the cities and towns, they are meeting with strong competitors. With the changes in the consumption structure and the elevation of the consumption grade, the demands on the quality of their products are steadily rising. At the same time, the prices of energy resources and of raw materials are steadily rising while there is a shortage of

funds all of which are factors causing a steady weakening of the strong points of the town and township enterprises.

Next year and in the year after, the state will reduce the scale of capital construction, appropriately lower the speed of industrial development, put a check on currency inflation and tighten the money market. All these measures will be a severe test to the town and township enterprises.

Under such conditions, town and township enterprises should fully display the strong points of the flexibility of their operational mechanism, overcome their own weak points, become suited to the new situation and along with the treatment of the economic environment and consolidation of the economic order seek steady development. They must seek survival by means of their benefits and make use of their benefits to achieve development. In certain localities at present, the scale of capital construction of some of the enterprises is too large, the battle line is too long, the processing projects are too many and there is a general state of blindness in development. A situation of this kind relies mainly on loans and other liabilities for support. It can hardly be maintained for long. Therefore, we must firmly reduce their scale of capital construction. Particularly regarding those projects which lack the assurance of an adequate supply of energy resources and raw materials and whose processing ability is already in surplus and those projects seriously contaminating the environment, we must be determined in liquidating and consolidating them and make a firm decision to close a number of them or have them converted to other trades. From now on we must not blindly undertake projects of this kind. Naturally as for those town and township enterprises handling energy, raw materials and so forth, they still need to be actively developed. From now on town and township enterprises must strive hard to improve their economic benefits, increase their accumulations and principally rely on their own strength to develop production and expand their operations. It is necessary to link up with the "star and fire plan" to speed up the technical transformation of the town and township enterprises, raise the ranking of their products, improve their quality and augment their competitive ability. Piloting points on the stock-holding system should be set up. Lateral alliances in various forms must be extensively developed and enterprises which have produced good economic results and whose management level is a high one should be selected as the main bodies of the alliances, thus to promote the development of the town and township enterprises in their entirety.

(5) We must perform well the work of aiding and supporting the poor and step up the economic development of the impoverished areas. In recent years the work of aiding the poor has gradually effected a conversion from singly and separately providing relief to economic development as a whole and has also achieved notable results in carrying out a series of reforms on the forms of

aiding the poor and economic development. In the rural areas in the country the size of the impoverished population has been reduced every year. A portion of the impoverished counties which have developed rather quickly have solved the problem of being dressed warmly and eating their fill and are entering the stage of economic development. However, it should still be noted that although the number of impoverished families which still had not solved the problem of being dressed warmly and eating their fill has been reduced, those who have still been left behind are scattered in areas with extremely difficult conditions on various sides. This implies that the work of aiding the poor which has the main task of solving the problem of being dressed warmly and eating to the fill in the impoverished regions has reached the point of attacking the stronghold.

The State Council has determined that during the "Seventh 5-Year Plan" period for the majority of people in the impoverished regions the problem of being dressed warmly and eating their fill will be solved. This year is the third year of the "Seventh 5-year Plan," and next year will be the 40th anniversary of the founding of the republic. Solving the problem by that time must yield certain concrete results. The time is short and the task is an enormous one. Therefore, the various localities must follow the general demand and arrangements of the State Council, assume a highly responsible spirit to the populace in the impoverished areas and redouble their efforts. Governments at various levels must put on their daily agenda the work of aiding the poor as an important economic task and political task. The principal leadership persons should personally ask about the matter, assign capable cadres to grasp this work, grasping it firmly, truly, and to the end that it yields results. The aid-the-poor funds coming from various channels must be managed well and expended well. There must be a comprehensive arrangement for them. They must be centralized for use and efforts must be made to improve the economic benefits. Corruption must be strictly banned. Privately using or dividing or stealing from the aid-the-poor funds must be severely punished. There never should be any let down. In recent years mobilizing the various circles of society to take part in aiding the poor has yielded good results. It must be firmly insisted on and continued, with due attention being paid to summarizing the experiences and continuously improving the work. If only the leadership at various levels can look at the matter as an important one, adopt effective measures, and grasp the work firmly, then there is hope of achieving the target of solving the problem of being dressed warmly and eating to their fill for the majority of the populace in the impoverished areas during the "Seventh 5-Year Plan" period.

IV. Earnestly Strengthening Leadership To Ensure the Smooth Progress of Various Kinds of Works in Rural Areas

Implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee, gradually pushing reform in the rural areas, facilitating the sustained and stable

development of the rural economy, and particularly promoting a relatively large-scale development in grain production are big and extremely difficult tasks. It is necessary to fully display our political strong points and earnestly strengthen the leadership.

(1) Party committees and governments at various levels must place rural work and agricultural production in an extremely important position. Of the population of over 1 billion in our country, 800 million are in the rural areas. The performance in agricultural work has a bearing on the national situation as a whole. Agriculture is the foundation of the country. The exact condition in agricultural production is related to the whole economic situation. Hence, party committees and governments at various levels must place rural work as an important item in the daily agenda for discussion. The principal responsible persons must frequently visit and go deep into the grass-roots levels to make personally study and survey and earnestly strengthen the guidance and leadership over rural work and agricultural production. They must not loosen their rural work just because of the expansion in the relative weight of industry, and cannot, simply for the sake of seeking production value and making more money, overlook agricultural production and grain production. Rural work has countless phases and the development of rural economy touches on all sides but it is most important that agriculture is put in first place. There is no change in such an order or arrangement. Special attention must be given to the matter of cities guiding the counties. We must not by any means overlook agriculture. Rather, we should display the strong points of cities and towns, lead and bring about the steady development of the rural economy and agricultural production. The various localities should earnestly and seriously implement the decisions and policies of the central authorities and the State Council on strengthening and developing agriculture. There cannot be any let-up or discounting. In arranging the plans and making investments, agriculture should be put in the first place. We cannot dwell on its importance only by word of mouth and later forget about it when making the actual arrangements. Organs in rural work at various levels should be set up only when actually needed. The governing principle is that in their establishment agriculture is strengthened and not weakened. Capable cadres should be sent to grasp rural work. The slogan calling on the various industries and trades to vigorously support agriculture is a correct one. Its advocacy should be continued. We must mobilize and organize the forces on all sides to make active contributions to the development of agriculture.

(2) We should strengthen ideological and political work in the rural areas and perform well the construction of a spiritual civilization. Since the 3d Plenary Session of the 11th CPC Central Committee, the vast masses of peasants and cadres at the grassroots level, have made large contributions to the reform, and for the construction and development of the state. From now on, to realize the gradual deepening of the rural reform, and the sustained

development of the rural economy, it is still necessary to rely on the vast masses of peasants and cadres at the grassroots level in the rural areas. They must be made to fully understand the party's guidelines and policies and to understand the important significance of treating the economic environment and consolidating the economic order. So that they can in one mind and soul take up the tedious struggles to make even bigger contributions to the state. Facts must be shown to them, reason with them, and continuously strengthen the ideological and political work and education of the peasants. We must explain to them the great accomplishments we have already made, tell them about the difficulties existing at the moment and the methods to solve the problems, and explain to them the direction and the future so that the vast masses of peasants may firmly believe in the reform and actively support the reform. We must advocate caring for the situation as a whole. It should be explained to them that the grain prices stipulated in the contractual purchases have tended to the low side and that this is a fact. Advocate that raising the prices of agricultural products such as grain can only be gradually carried out under the conditions of the state and the consumers having the ability to bear. Since the existing contractual purchases are economic contracts and tasks assigned by the state and are obligations falling on the shoulders of the populace, they should be actively fulfilled. In addition, it should be noted that of the gross purchase volume of agricultural products made by society, the state's purchases at fixed prices constitute only a minor portion and that the prices of the remaining portions have been basically deregulated. Even regarding the prices of the contractual grain purchases, in the last 10 years the state has readjusted them several times and have at the same time adopted measures to stop the random raising of prices of the means of production for agricultural use. This fully illustrates that the CPC Central Committee and the State Council have been exceptionally concerned with the peasants' interests.

It should be said that since the 3d Plenary Session of the 11th CPC Central Committee, the peasants have benefitted in the reform. Under the present conditions, the hopes of the peasants to increase their income by raising the prices of the agricultural products cannot be too high. The peasants should set up a concept for the whole situation and make contributions to the state's tasks of checking currency inflation, controlling the large-scale increase in commodity prices and generally treating the economic environment. In addition, we must overcome the idea of calling a halt to becoming only slightly well off, but must handle well the relations between accumulations and consumption, and use even more spare money for strengthening production. We must also strengthen the construction of spiritual civilization in the rural areas, advocate changing the traditional and

evil customs and practices, display a highly respectful moral atmosphere, observe the law and strictly abide by discipline.

(3) We should strengthen the construction of party organs at the grassroots level in the rural areas and their leadership teams. We should set up healthy party organs at the grassroots level, strengthen the educationing of party members, and display the role of party branch committees in the rural areas as fighting citadels and the party members' exemplary role. At present, this work is very weak, and needs to be strengthened. The vast masses of grassroots-level cadres are located on the frontline. There is much work awaiting them and their work is very difficult and tedious. In the establishment of grassroots-level organs, the work of building cadres' contingents must be grasped well. Strive hard to raise the political and business quality of the cadres. We must particularly grasp well the building of leadership teams at the grassroots-level. We must select superior cadres whose political quality is good, who possess concepts of commodity economy and a definite amount of operational and management ability and who can go into close liaison with the masses to fill the leadership posts at the grassroots level. The vast masses of rural youths are the vanguards in pushing the reform and on them the hopes of building new socialist rural areas must lie. Their role must be put into full play. We should pay attention to selecting from among them grassroots-level cadres for training. The fostering and training of grassroots-level leadership cadres should be strengthened. Teach them to set up the concepts of serving the people, be frugal and honest in politics, abide by the law, closely unite with the populace, lead the extensive masses of peasants to develop socialist commodity economy, and jointly go on the road to affluence.

Comrades! Although at the moment our agriculture has met with setbacks in advancing forward, if only we can earnestly implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee and the unified arrangements made by the party central Committee and the State Council, and if the whole country from top to bottom and both the inside and outside of the party can unify their understanding, cooperate in one mind and soul and work steadfastly and hard, dependence on the support and efforts of the millions of peasant masses can assuredly further deepen the rural reform, agricultural production and the rural economy will be further developed, and the whole rural situation will definitely become increasingly better.

Controversy Over Individual Publicity Issue
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[Article by Tso Ni (1563 6627), special correspondent in Beijing: "The Contradiction Between Chen Yun and Wang Zhen"]

[Text] **Chen Yun Opposes Giving Individuals Publicity**

Chen Yun has recently aired his view saying that he strongly objects to giving publicity to individuals.

It happened recently that in addition to publishing a picture album of Deng Xiaoping, the Guangxi Television Station and the Guangxi Film Studio jointly made a long documentary film "Deng Xiaoping in Guangxi." This mainly gave publicity to Deng Xiaoping, on the occasion of commemorating the 30th founding anniversary of the Guangxi Zhuang Autonomous Region and the 50th anniversary of the Bose Uprising. Vice State President Wang Zhen acted as chief adviser for this film and wrote an inscription for it.

Gracefully Declining Publication of a Chen Yun Picture Album

The CPC Central Committee had the intention of publishing a picture album of Chen Yun on numerous occasions but Chen Yun always declined gracefully. In the middle of November Chen Yun said that he was not in favor of giving publicity to or glorifying individuals. Ironically Chen Yun also said that in the past there had been a king in Yunnan and a local despot in Guangxi but we Communists should neither style ourselves nor act like kings.

"Comrade Xiaoping Was Not the Only Person To Participate in the Bose Uprising..."

Chen Yun also said that although Comrade Deng Xiaoping led the Bose Uprising he was not the only person on the front committee. This was our party's history. Chen Yun also tactfully criticized Wang Zhen for being generous at the state's expense in making the film.

Wang Zhen Strongly Advocated Making a Film Praising Xiaoping

As early as the latter half of last year the CPC Committee in Guangxi Autonomous Region proposed that a film about Deng Xiaoping in Guangxi should be made. During their stay in Beijing leading members of the regional party committee solicited opinions from the central authorities. In a written instruction on the report submitted by Guangxi Regional CPC Committee, Bo Yibo said that this was something very good. Hu Qili also said in his instruction that he agreed with the view of the Regional CPC Committee.

"Making the Film a Success Is a Must"

After learning of these instructions Wang Zhen called in the leading members of the Regional CPC Committee in Beijing and gave his instruction: Making the film a success is a must. When the deputy head of the Guangxi Regional CPC Committee Propaganda Department mentioned that the regional party committee was allocating funds for the film, Wang Zhen said that money was not a problem because he, as vice state president, was vested with at least some power in this respect. He said that doing a good job of making a film about Comrade Deng Xiaoping in Guangxi was a major event in our party's political life as well as that of the Region.

The Vice State President Generously Donated 10 Million Yuan

Wang Zhen generously said that whatever was spent would be reimbursed by the state. Recently, the film "Deng Xiaoping in Guangxi" was completed and samples of the film have been sent to Deng Xiaoping himself, Wang Zhen, the Central Advisory Committee, and the Central Propaganda Department. The film will soon be shown to the public. Wang Zhen gave Guangxi 9.8 million yuan in three installments as funds to make the film.

Wang Zhen Volunteered To Act As Adviser on the Film

Wang Zhen volunteered to act as chief adviser for the film. He also told the regional party committee and central departments concerned that he would look after everything about the film, big or small. Wang Zhen, who hurled abuse at the teleplay "River Elegy," seems to have gone to another extreme. Many people in Beijing literary and art circles cursed Wang Zhen behind his back.

Chen Yun Opposed Wang Zhen Being Vice State President

It is said that the relationship between Wang Zhen and Chen Yun has not been good in recent years. This was particularly so before Wang Zhen took up the post of vice state president, because Chen Yun explicitly expressed his disapproval. This made the relationship between them worse.

Wang Zhen Jeered at Chen Yun

Learning about Chen Yun's resentment against making a film about Deng, Wang Zhen in an indifferent way said to leading members of the Ministry of Radio, Film and Television and the Ministry of Culture:

Are you preparing to make a film about Chen Yun? I am also in favor of this but what things about Comrade Chen Yun should be included in the film? This clearly showed Wang Zhen's resentment against and contempt for Chen Yun.

**Notes on Production of Film About Deng Xiaoping
HK0401083189 Nanning Guangxi Regional Service
in Mandarin 1100 GMT 1 Jan 89**

[Excerpts] One day in the spring of 1986 a tourist boat was dashing over the bluish green water of Li Jiang. Comrade Deng Xiaoping was sitting in the boat happily talking to Comrade Wang Zhen and responsible comrades from the regional party committee about how he was authorized by the CPC Central Committee to lead the Guangxi people in their revolutionary struggle in 1929. This is a valuable scene in the documentary film about Deng Xiaoping in Guangxi. The audience can see Deng Xiaoping's image and distinctly hear him reviewing history.

Several days ago our reporter interviewed (Chen Zhende), the writer and director of the documentary film. He said that in 1987 when he was writing a film script about Mao Zedong and Nixon in 1972, he saw quite a large amount of material concerning Deng Xiaoping's valuable revolutionary career. This, he added, inspired him very much. Subsequently he discovered more material on Comrade Deng Xiaoping's revolutionary struggle in Guangxi. [passage omitted] (Chen Zhende) reported his proposal about making a documentary film to the relevant regional leader who gave him full support. Comrade Wang Zhen met with the film shooting team on two occasions. Wei Chunshu took up the post of leader of the preparatory group, and the central filming team of major historical events gave approval and support. [passage omitted on when, where, and how filming started]

**Sports Commission Minister Sacked After Olympics
HK0501075789 Beijing ZHONGGUO XINWEN SHE
in Chinese 0647 GMT 30 Dec 88**

[Report by ZHONGGUO XINWEN SHE reporter Ling Hongjun (0407 1347 0193): "Failure in Seoul Olympics and the Sacking of the Minister of the State Physical Culture and Sports Commission"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 30 Dec [ZHONGGUO XINWEN SHE]—Whether the chief leader of the State Physical Culture and Sports Commission should be held responsible for the failure of the Chinese athletes in Seoul has been a topic of discussion in sports circles and the media for more than 2 months. Yesterday, it seems that the controversy came to a conclusion: The minister of the State Physical Culture and Sports Commission was sacked.

This controversy started before the end of the Olympic Games. At first it was in the form of the exchanging of whispered comments, then widespread discussion, and finally open discussion. At the summing-up meeting on the Olympics in October, different opinions were raised. There were people defending the chief leader of the commission, believing that the Chinese athletes only had the ability to get five gold medals. They gave the example of the United States: The United States got over 80 gold medals at Los Angeles, but only 30-odd at Seoul. So it is fair that this time China got 5 instead of 15 gold medals. There were others who attacked him. These people said that before the Olympics the leader had promised that China would win 8 to 12 gold medals and he should keep his promise. In the several events where China competitive, there appeared several faults which should not have happened. In addition, the women's volleyball team lost its crown, our gymnastics team was overtaken by the Japanese, and the gold medal for weightlifting was submissively handed over to another country. People are

more puzzled as to why the athletes were so tired and had little fighting will at the Olympics. These things have aroused a strong response from local and overseas media.

Looking back on the Seoul Olympics, the Chinese athletes' performance showed a declining tendency in the few days after 20 September. At that time, the chief leader of the State Physical Culture and Sports Commission was not supervising the teams at Seoul, but had gone to Fusan for leisure. The women's volleyball team was badly defeated by the Soviet Union in the semifinals. But the chief leader was not aware of their defeat until the next morning when he asked, with his eyes wide open: Was the women's volleyball team defeated? After his return to Beijing, he was busy participating in many activities such as the opening ceremony of the urban sports competition, prize-giving ceremonies, dinner parties, and greeting and sending-off parties. But what was he busy for? In mid-December, the enlarged routine meeting of the State Physical Culture and Sports Commission was held. At the meeting, matters under discussion concerned structural reform and preparations for the Asian Games to be held in Beijing in 1990. There were pointless arguments at the meeting, giving people less and less confidence in the commission. The teams are lax, people's confidence has fallen, and several state teams have wasted much of their winter training time.

Conversely, if we look at South Korea, China's major opponent, we find that it defeated China by 12 to 5 at the Olympics this year, though it lagged behind China by 1 gold medal in the Asian Games the year before last. Now they have already started 600 days closed intensive training in preparation for the Asian Games. They seem very aggressive. However, while others are working hard, we are busy covering up errors and stifling differing opinions. We are not facing reality or working to catch up with our opponents. The good image of China's sports athletes in Los Angeles is rapidly fading away. China's athletics, which is highly praised by local and overseas Chinese, is facing a crisis. Can we not see the problem with the replacement of the minister of the Physical Culture and Sports Commission at this very moment?

Now there are 12 months before the Beijing Asian Games start. Whether for the sake of the organization of the Asian Games or the training of the athletes, this replacement is undoubtedly an inevitable action to face the real fight. China's sports circles are facing a situation in which they have to "mend the fold after a sheep is lost." In order that China's status in sports circles does not vanish, what we urgently need now is to have the determination to rise again and the spirit to work hard.

Culture Minister on 'New Test' Facing Arts
HK0401021989 Beijing ZHONGGUO XINWEN SHE
in Chinese 0302 GMT 29 Dec 88

[Report: "Chinese Culture Minister Wang Meng Says Mainland Literature and Art Are Facing a New Test"]

[Text] Fuzhou, 29 Dec (ZHONGGUO XINWEN SHE)—Chinese Culture Minister Wang Meng believes

that "reform and opening up to the world are enlivening factors, as well as a great test for literature and art." Wang expressed this view in a discussion with personalities of Fujian's literary and art circles when he made a special trip to the province to attend a performing arts festival in which all theatrical troupes under the province's jurisdiction were participating and to inspect the province's cultural work.

Wang Meng said that the development of a commodity economy and greater artistic democracy have allowed people greater freedom in choices regarding their spiritual life; consequently, cultural and artistic work is facing a new test—the crisis of a shrinking audience and perplexity arising from economic pressure.

Wang Meng was not pessimistic about the crisis. He believes that people can see from the waning craze for pop music concerts and martial arts that the masses are not satisfied with low-level culture, while the attraction of serious literature and art has not weakened. The exceptionally grand occasions of the performances of the famous Beijing People's Theatrical Troupe in Shanghai have demonstrated people's thirst for serious art.

Today, the administrative intervention facing literary and art work is no longer as notable as it used to be, while the effects of the economic and market environment are comparatively conspicuous. According to Wang Meng, the lack of funds for serious literature and art as well as the longstanding system of "eating from the same big pot" have resulted in an imbalance in the cultural structure, order, and administration.

Concerning the new pattern surfacing in literary and artistic work at present, Wang Meng feels that first, it is necessary to adapt ourselves to it; second, rectification is needed; and third, intervention should be eliminated and the spirit of devotion should be promoted.

Wang Meng said literary and artistic works through the ages have not always been narcissuses growing out of clean earth. Sometimes they have grown out of political confusion, material interference and temptation, high ideological pressure, or even absurdity. Therefore, the spirit of devotion to art is still very important. Fundamentally speaking, the key to fine literary and artistic works lies in the improvement of ideological and artistic qualities. The loss of ease and clarity in popular literature and art and of profundity and the pursuit of serious literary and artistic works pose the greatest dangers. Works in this category are liable to be cold-shouldered by the masses.

Wang Meng praised the liveliness of Fujian's literary and art critics circles and talked about Fujian literature and art theorists and those of Fujian origin now working in other provinces as the "Fujian school" in a humorous way, saying that the Beijing School, Shanghai School, and Fujian School form the three legs of a tripod. He has

seen the thriving vitality and creativity that is maintained in the Fujian opera, and believes that this alone can overcome the concept existing in literary and art circles that the vitality of the ancient arts has dried up and that the traditional artistic concept is outmoded. He said that art of every category has come under the effects of the times, place, and concept; however, it has transcended and broken through time and space at times. Those views, holding that literary and artistic concepts must be identified with modern life and that in order for our works to go to the world they must be identified with foreign countries, are not modern in themselves.

Nonparty Members Urged To Consolidate Views
HK0401013289 Beijing CHINA DAILY in English
4 Jan 89 p 1

[By staff reporter Chang Hong]

[Text] Non-Communist Party members in the People's Congress and the People's Political Consultative Conference at different levels should get together so as to better present their interests.

This was the view expressed on Monday [2 January] at a seminar attended by delegates to the ongoing Fifth National Congress of the Jiu San Society, one of the eight non-Communist parties in China.

"Although non-Communist Party members participate in the activities of the people's congresses, most of them speak only on behalf of themselves as individuals rather than voluntarily and distinctively representing their parties," said Li Xinzhou, a physicist from Shanghai's Fudan University.

Therefore, he said, they needed to intensify their party sense, and to co-operate and strive to function as a whole group when the people's congresses and consultative conferences were held.

"The Organic Law of the National People's Congress (NPC), the nation's highest legislative body, should define the freedom of NPC deputies who are not Communist Party members to sponsor various activities as a party during NPC sessions," Li added.

His view was echoed by Vice-Mayor of Shanghai Xie Lijuan, also a member of the Jiu San Society. Xie said that leading groups of non-Communist parties should be allowed to exist in people's congresses.

"To better improve the existing channels for them to discuss and participate in the work of government is more realistic than forming other new bodies to organize members of all non-Communist Party members for involvement in the country's political affairs," Xie said.

NPC Standing Committee Considers Various Laws

Lin Jianqing Reports on Land Management
HK0401012089 Beijing RENMIN RIBAO in Chinese
24 Dec 88 p 4

[XINHUA report: "Lin Jianqing Reports to NPC Session on Result of Deliberation on Draft of Revised Land Management Law"]

[Text] Beijing, 23 Dec (XINHUA)—In a report on the result of deliberation on "The Revised Land Management Law of the PRC (Draft)" delivered at the fifth meeting of the Seventh NPC Standing Committee this morning, Lin Jianqing, vice chairman of the NPC Law Committee, said: The Law Committee held that in order to make the Land Management Law dovetail with the relevant stipulations of the amendment of the Constitution and in order to meet the needs of reform of the economic structure and strengthen land protection, it is entirely necessary to revise some relevant articles of the Land Management Law. The draft is basically applicable. Meanwhile, he put forth some suggestions for revising those articles. The Law Committee proposed that the NPC Standing Committee consider and approve the suggestions.

Lin Jianqing said: According to the opinions of some departments and localities, it is suggested that Section 2 of Article 1 of the revised law (draft) be changed as follows: "The right to use state-owned and collectively-owned land can be transferred according to the law. The concrete methods for the transfer of the right to use land will be worked out separately by the State Council." "The state adopts a system of compensated use of the state-owned land, and the concrete methods will also be worked out by the State Council separately."

He continued to say that Article 4 of the revised law (draft) suggests that Article 51 of the Land Management Law be changed as follows: "Those who have damaged cultivated land or have turned it into sandy or salinized land—due to exploitation of the land—should be responsible for its recovery within a definite time as well as be fined. Those who have damaged the cultivated land due to criminal offenses should be investigated and made responsible for it according to the relevant stipulations of the 'criminal law.'" Some local courts, the supreme court, the supreme procuratorate, and some legal experts pointed out that as the definition of damage is not clear, it is difficult to implement in practice. Therefore, it was suggested that Article 4 of the revised law (draft) be changed as follows: "Those who have violated the law by excavating the cultivated land and those who have made the land sandy or salinized land due to exploitation, should be responsible for its recovery within a definite time and be fined."

Lin Jianqing said: Article 5 of the revised law (draft) suggested that the following item be added to Article 52 of the Land Management Law: "The individuals who are unconvinced by the disciplinary sanction demanding them to pull down the houses they are building within a definite time or return the land they have illegally occupied must stop construction and have everything originally on the land restored to their former state before bringing the suit to the people's court. The organ giving the disciplinary sanction has the right to stop the builders from continuing the construction. Those who reject or obstruct land management personnel in carrying out their duties according to the law should be dealt with in accordance with the relevant stipulations of the 'Regulations on Security and Management Penalty' if they have not committed crimes; but if they have committed crimes they should be dealt with in accordance with the relevant stipulations of the 'Criminal Law.'" Some localities and members pointed out that some parties concerned here are individuals, but some are the units engaging in the construction of houses and other buildings, and some may continue the construction before the suit is brought to the people's court, but some may not intend to bring the suit to the court. Besides, it may be more appropriate to just work out stipulations on security and management penalty rather than criminal sanctions for those who reject or obstruct the work of land management personnel. Therefore, it was suggested that Article 5 of the revised law (draft) be changed as follows: "The units and individuals who are required to pull down the houses or other construction projects they are building within a definite time must stop the construction immediately. The organ giving this penalty has the right to stop them from continuing the construction. Those who reject or obstruct land management personnel in carrying out their duties according to the law will be punished in accordance with the relevant stipulations of the regulations on security management penalty." At the same time, it was suggested that the term of "30 days" in Article 52 of the Land Management Law be changed into "15 days." Thus, it will read as follows: "The parties concerned who are unconvinced by the disciplinary sanction may bring the suit to the people's court within 30 days after receiving the notice on the penalty."

Amendment Decision Issued
HK0501112889 Beijing RENMIN RIBAO in Chinese
31 Dec 88 p 4

[*"Decision on the Amendment of the 'PRC Land Management Law'—Approved by the Fifth Session of the Seventh NPC Standing Committee"*]

[Text] According to the amendment bill of the Constitution and the State Council's proposal for revising the "PRC Land Management Law," the Fifth Session of the Seventh NPC Standing Committee decided to amend the "PRC Land Management Law" as follows:

1. Section 2 of Article 2 is amended to: "No unit or individual is allowed to occupy, buy, sell, or illegally transfer land by whatever means."

Two additions are made to Article 2, one being section 4 and the other being section 5:

"The right to use land under state or collective ownership can be transferred according to law. Detailed methods to transfer this right will be separately formulated by the State Council."

"The state will, according to law, practice the compensatory system in the use of land under state ownership. Detailed methods to use state-owned land with compensation will be separately formulated by the State Council."

2. Article 40 is amended to: "Applications for using land for building public facilities and running public welfare in townships (towns) should be submitted to the land management department of the people's government at the county level after being examined by the people's government at the township level. These applications will be approved by the local people's government at the county level or above according to the scope of powers designated by the relevant province, autonomous region, or municipality."

3. Article 47 is amended to: "Illegal income from selling land or from illegally transferring land by other means will be confiscated. Buildings and other facilities on the land that is illegally obtained, either from buying or transferring, will be dismantled within a given time or confiscated, and a fine will be imposed on the person involved; the person in charge will be given an administrative sanction by the unit where he works or by the higher level department."

4. Article 51 is amended to: "Those who carry out excavations in farmlands and seriously ruin farming conditions or cause soil erosion will be ordered to rebuild them and subjected to a fine."

5. Article 52 is amended to: "The administrative punishments stipulated by this law will be decided by the land management department of the people's government at the county level or above and the administrative punishments stipulated by Article 45 of this law will be decided by the people's government at the township level. If the person involved refuses to accept the administrative punishment given him, he is allowed to appeal to the people's court within 15 days from the date he receives the notice; if he does not appeal or obey until the notice expires, the department responsible for meting out the punishment will apply to the people's court for the implementation of the notice by compulsory means."

An addition forming section 2 is made to Article 52: "Units or individuals who have been ordered to dismantle their buildings and other facilities must immediately

stop their construction. If they continue their construction, the department responsible for meeting out the punishment has the right to stop it. Those who hamper land management personnel from performing their duties will be sanctioned according to the relevant provisions of the security management and punishment ordinances."

This decision comes into force on the date of announcement.

The "PRC Land Management Law" has been revised according to this decision and is now reannounced.

Commentator on Standardization Law
HK0501080989 Beijing RENMIN RIBAO in Chinese
31 Dec 88 p 4

[Commentator's article: "An Effective Measure for Promoting Development of the Commodity Economy"]

[Text] At its fifth session, the Seventh NPC Standing Committee deliberated and approved the "Standardization Law." The purpose of formulating this law is to develop the commodity economy, promote technological progress, improve economic results, protect the interests of the state and the people, and to meet the needs in our socialist modernization construction.

Standardization in modern times is developing along with the development of large-scale socialized production. It has extended from the traditional industrial technology field to that of new technology, from industry to agriculture, and from production to other fields of socioeconomic life. The scope involved in standardization is now becoming wider and wider.

The promulgation of the Standardization Law establishes the legal position of standardization, adjusts the relationships between various fields related to standardization, specifies the standardization system and the principles for formulating various standards, and defines the responsibilities for following the standards and the legal penalties for violating the standards.

The Standardization Law stipulates that standards are divided into two categories, namely compulsory and recommended standards. This is a major reform. In the past we merely stressed the compulsory character of the standards and this was commensurate with our previous product economy. At present, as we greatly develop a commodity economy, excessive emphasis on the compulsory character of the standards may restrain the initiative of enterprises, and prevent them from flexibly adapting their production to the market needs by improving technology and adjusting products. There are now both compulsory and recommended standards and this will help us to properly and effectively manage those that should be brought under control and relax control on those that should be handled more flexibly. The

Standardization Law increases the provisions on local standards as supplements to state and trade standards to meet the needs in developing local commodity economies.

The promulgation of the Standardization Law will effectively guarantee and enhance the quality of products, and protect the interests of consumers, user units, and the general public. At present, counterfeit and inferior goods frequently appear on the market and they have become a major social scourge. The Standardization Law includes strict stipulations on a series of links in the process of production and circulation. It stipulates: "Enterprises which are engaged in production, testing, purchasing and marketing, storage, and transport of products must operate strictly according to the relevant standards. No quality certificate can be issued to products which do not measure up to standard and such products cannot be sold as quality products." In order to protect the interests of consumers, the Standardization Law stipulates that "medicine that does not measure up to standard and products that do not conform to safety, hygiene, and environmental protection standards are prohibited from leaving the factory and being put on sale." So long as these provisions are seriously implemented and effective measures are taken we will be able to raise product quality and check and reduce the appearance of counterfeit and inferior commodities.

The promulgation of the Standardization Law is conducive to the establishment and perfection of a national technological supervision system which will make our technological supervision more effective. In recent years, the quality of some products was unstable or even worsened. Product quality in some township and town enterprises was out of control. Our present technological supervision is rather weak. We lack effective supervision over some major commodities and production materials that have an important bearing on people's daily lives and agricultural production. The Standardization Law stipulates: "The government department in charge of standardization at and above the county level has the right to make sample inspections of the products produced or handled by any enterprises, institution, or individual." This adds a function of supervision and inspection to the government department in charge of standardization. According to the Standardization Law, "if products which do not measure up to standard are sold as standard products, the illegal income will be confiscated and fines imposed. Enterprises which produce products that do not measure up to standards will be ordered to stop production." "If anyone produces or sells products that do not measure up to compulsory standards, their illegal income will be confiscated and they also will be fined. Those who cause serious consequences and commit criminal offenses will be brought to the court trial and sentencing." "Those who use the official mark for qualified products without authorization will be ordered to stop using such mark and their illegal income will be confiscated."

The Standardization Law places international standards in a prominent position and this is conducive to our economic and technological exchanges with other countries. It will reduce and remove some technical barriers in our foreign trade, thus promoting the development of the export-oriented economy. At present it is necessary to give more publicity to the Standardization Law, seriously ensure its implementation, and make it play a positive role in the course of improving the economic environment, rectifying the economic order, and developing the socialist commodity economy.

Ship Returns From Satellite Monitoring Mission
OW0501083289 Beijing XINHUA in English
0637 GMT 5 Jan 89

[Text] Beijing, January 5 (XINHUA)—The survey ship Yuan Wang (Far-Sight) returned to its base on January 2 after a series of extensive voyages monitoring the launching of China's second telecommunication satellite in December, according to today's "LIBERATION ARMY DAILY."

In 1988 the ship, which belongs to the State Commission of Science, Technology and Industry for National Defence, took part in the launching of China's two Telecommunication satellites, and monitored the launching of a carrier rocket from a nuclear submarine, the paper said.

The YUAN WANG spent 133 days at sea during these three survey voyages and covered a distance of 2000 nautical miles—equal to its total work for the previous year, the paper added.

The accurate data sent back by the ship helped guarantee the successful launchings of the satellites and carrier rocket, the paper said.

CEI Reviews 1988 Economic Development
HK0501101989 Beijing CEI Database in English
5 Jan 89

[Text] Beijing (CEI)—The year 1988 saw a series of developments in China's national economy as the government tried hard to further deepen economic reform, accelerate the "opening to the outside world," and implement a tighter policy to control overheated economy and readjust economic order.

The State Statistics Bureau estimated that China's gross national product in 1988 is expected to increase by 200 billion yuan, or 11 percent, to exceed 1,300 billion yuan.

In the rural areas, economic activities have been brisk and the gross output value of agriculture is likely to reach 480 billion yuan, or a 3.5 percent growth over the previous year.

The country's industrial production continued to grow, with an expected rise of 20 percent in the annual output value. The gross output value from January to November increased by 17.7 percent over the same period of 1987.

Meanwhile, the growth of national income is hopefully to be around 10 percent, bringing a further rise in the people's living standards.

However, serious problems have also cropped up in the economic development of the country, the most conspicuous being high inflations and price hikes.

1. Social demands of commodities have been growing too fast in the past year, and the gap between supply and demand has remained un eased. From January to November, total investment in fixed assets by state-owned enterprises amounted to 171.3 billion yuan, 20.4 percent more than the same period of 1987. During that time, national expenditure on employees reached 171.3 billion yuan (including subsidies for pork and other foodstuffs), an increase of 33.04 billion yuan, or 21.1 percent over the same period of 1987.

2. The irrational economic structure has remained the same or become even worse. Continuous high speed of industrial production has resulted in more intensified contradiction between industry and agriculture. The growth ratio between industry and agriculture was 7 to 1, far exceeding the appropriate 2-3 to 1 ratio. Processing sectors of industry grew too fast with energy, power supply and raw material production lagging far behind. Due to natural calamities and the irrational price systems, non-farming production in rural areas surpassed grain and oil crops production by a big margin. Meanwhile, the rapid growth of economy formed a sharp contrast to the slow development of transport capacity.

3. In contrast to the speedy industrial growth, production efficiency of enterprises decreased. National revenue of sales of state-owned enterprises went up by 22.4 percent in the first 11 months of the year, profits and taxes handed over to the state increased by 17.3 percent, and productivity grew by 9.3 percent over the same period of 1987, while costs of comparable products also increased by 12.7 percent.

4. Unfair distribution of social wealth became more conspicuous. This has also caused the incomes of white collar workers and professionals to lag behind those of manual workers.

5. Prices have gone up too rapidly. As a result, the retail price index increased every month. The accumulated price index of social retail commodities from January to November rose by 17.8 percent over the same period of the previous year. The continued price hikes imposed a heavy burden on the state, the enterprises, and the individuals as well.

6. The macro-control mechanism is not functioning properly. This has resulted in many difficulties in the operation of national economy. Economic disorder, fast expansion of capital construction, continued increases of consumer spending and profiteering by private and "official" businesses are the most conspicuous of such problems.

Article Examines Goals of Self-Employed Workers
OW0401165689 Beijing XINHUA in English
0856 GMT 4 Jan 89

[Text] Beijing, January 4 (XINHUA)—You might not be right if you think that self-employed people are so poor that they are only left with money, an article in today's "PEOPLE'S DAILY" said.

The article, entitled "Culture—New Ambition Among Self-Employed People," revealed that private business people are not as completely money-oriented as most people seem to think.

Most self-employed people in Harbin, capital of Heilongjiang Province, hope that their children will become intellectuals or cultural figures.

Bai Xizhi, owner of the Yuemingzhai Restaurant, simply said, "I will never let my children go into business like me. I want them to study hard, go to college, become post-graduates and study abroad."

Bai is not alone in having such an ambition. Shop owner Wang Jie hired tutors for his two children, and about half of the families which have hired students from Harbin Industrial University as tutors are engaged in private business, according to the article. Restaurant owner Feng Deyuan not only regularly sends his daughter to the city's culture palace to learn dancing but also bought a piano and hired a piano teacher for her.

While planning different futures for their children, self-employed people themselves, eager to gain recognition in society, are trying to prove their own value in various ways.

Sun Huihui, a clothing shop owner, is considered the most industrious student by her teacher at the film and TV training center of the youth palace.

"Once I got into my artistic role, I found myself," she said.

Restaurant owner Xiao Mingshun has taught himself literature in his spare time, and even had a poem published in a local newspaper.

There is even a drama group made up of self-employed people, which gives public performances.

Jiao Yuchang, a roast chicken seller, paid his own way through the Chinese-language department of Harbin University.

Jiao explained that his purpose was neither to get a college diploma nor a secure state job, but stressed, "self-employed people must improve their cultural qualities if they don't want to be losers as competition develops along with the commodity economy."

Survey Shows High Cost of Low Quality Products
HK0501000489 Beijing CHINA DAILY in English
5 Jan 89 p 2

[By staff reporter Zhang Yuan]

[Text] Poor production quality control procedures cost China at least 15 billion yuan every year.

The actual total loss is probably much higher, said Zhang Guihua, deputy secretary-general of the China Quality Control Association (CQCA).

Zhang said a survey carried out by the Tianjin Quality Control Association showed that about 50 percent of goods from 14 enterprises had to be repaired after they had come off the production line as supposedly finished items.

A recent CQCA survey of 108 large and medium-sized enterprises nationwide showed that they lose over 76 million yuan in total every year because of waste caused by inadequate quality control. This figure amounts to 1.5 percent of the companies total industrial production value and 8.2 percent of the sum of their annual profits.

Of the losses, 61.5 percent were incurred in the production process and 28.9 percent came about because products had to be downgraded and sold cheaply.

Each of the 108 enterprises loses an average of about 600,000 yuan annually.

Zhang said: "This is a really worrying situation, one that calls for prompt attention from all the departments concerned. There should be greater emphasis on quality control throughout the whole of the production process; it is too late at the end, when finished products are often wasted."

He added that the association had received quality control reports from 71 cities all over the country by the end of October, and 64 of those cities had figures for 1987.

The product quality in 51 cities including Beijing, Tianjin and Chongqing was generally showing a steady increase, while in the remaining 13 cities where comparisons were possible the trend was down or fluctuating.

Zhang said product quality control was steady in the machine building, electronics, chemical, light industry, petrochemical, silk and oil industries. Quality was most obviously increasing in electronics and light industry products.

But quality is going down in the weaving, nonferrous metal, building materials, medicine and coal industries.

There are three main reasons for declining quality:

Poor quality raw materials; poor quality control; and a shortage of electricity, especially harmful to industries which need to continue manufacturing around the clock.

Experts claim that poor product quality is directly connected with the contract labour reform which failed to allow for the maintenance of quality standards.

Directors who are contracted to run enterprises concentrate mainly on production value and profits. They are generally only interested in short-term benefits because they are usually only committed to three years in the director's chair.

Zhang said: "Most of the enterprises operating under the contract system have failed to make the factory director responsible for the quality of the goods produced by his company. This has had a big effect on product quality."

He urged the whole of society to pay more attention to quality control. If there is going to be increased cooperation with foreign countries there must be a solid and genuine product quality base in China.

The association has been working hard to help improve the quality of Chinese goods since it was set up in 1978.

Zhang said that, with the association's help, about 620,000 quality control teams had been set up throughout the country. They had about 6 million members and created about 7.4 billion yuan for enterprises every year by helping to increase product quality.

Between 1979 and 1988, the teams helped to create 27 billion yuan in benefits to the country.

The association has set up 40 quality inspection stations in major department stores throughout the country. It has also awarded 605 State Gold Prize medals and 3,142 silver medals to products which reach or come close to international standards.

Comprehensive quality control systems are carried out in some 60,000 enterprises, and 63 of these enterprises have been awarded quality control prizes by the state.

Technological Investment in Agriculture Rising
HK0401013489 Beijing CHINA DAILY
in English 4 Jan 89 p 1

[By staff reporter Wen Jia]

[Text] China will invest hundreds of millions of yuan this year in a national technological plan to promote its sluggish agricultural production.

This year's "Harvest Plan" includes 19 projects that will be funded with 20 million yuan in allocations and low-interest loans from the central government alone.

The plan is expected to increase grain output by 2.65 billion kilograms on 4.9 million hectares of farmland.

According to Yao Xiqu, director of the "Harvest Plan" office in the Ministry of Agriculture, it will also raise the yield of cotton, edible oil, sugar and vegetables by millions of tons each.

Local government departments at provincial and county levels will themselves invest money in "Harvest Plan" projects.

Most of the plan's projects are related to the use of agricultural technology in cultivating grain, cotton, edible oil crops and non-staple food.

The plan, launched in April 1987, is designed mainly to raise yields by using better farming methods.

Over the last two years, the plan has proved efficient in boosting agricultural production, especially on low-and-medium-yield farmlands.

The central and local government departments invested 300 million yuan on the adoption of "Harvest Plan" projects on 5 million hectares of farmland last year.

The country as a whole is expected to have increased grain output by 2.8 billion kilograms, cotton by 46.6 million kilograms and edible oil crops by 350 million kilograms last year despite serious natural disasters.

However, crops in many areas throughout the country barely survived the droughts and floods and suffered decreases in grain and cotton production last year.

"The ratio of investment to gains is one to eight," Yao said.

Hubei Province introduced farming techniques included in the plan on 110,000 hectares of rice fields. The yield of each hectare rose by 1,605 kilograms over the average output during the past three years.

Meanwhile, 60 commercial grain bases set up during the Sixth 5-Year-Plan Period (1981-85) have now reached their full potential.

Despite the serious natural disasters that hit these bases last year, their grain output reached 36.2 million tons.

The bases in Anhui Province decreased their grain production by 3 percent last year after being hit by serious drought. Yet the decrease in the province as a whole was more than twice that percentage.

Jilin Province in northeast China was luckier and free from serious disasters last year. Grain production in Jilin increased by 0.8 percent. The increase rate in the bases, however, reached 8 percent.

The country will establish 100 new bases this year.

China's agricultural production has been stagnating for four consecutive years partly because of serious natural disasters.

In addition, farmers are reluctant to cultivate more grain than necessary due to low prices for farm produce.

Many farmers have left their land to seek their fortunes in the cities.

Therefore, the state is paying more and more attention to the "Harvest Plan" and the commercial grain bases

Peasants Reluctant To Sell Public Grain
HK0501092789 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0743 GMT 1 Jan 89

["Newsletter" by Jin Xing (6855 2502): "Why Is It That Chinese Peasants Do Not Want To Deliver or Sell More Public Grain?"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 1 Jan (ZHONGGUO TONGXUN SHE)—The scenes of peasants forming long lines to deliver public grain, carrying it on shoulder poles or pushing carts, can no longer be seen in China's rural areas. The peasants' enthusiasm to deliver public grain has greatly decreased. With cadres going from village to village and from family to family to urge peasants to deliver public grain, the grain management offices seem deserted.

Is it because the grain output has dropped this year? In the rural areas of Wuxi prefecture, Jiangsu Province, there has been a bumper harvest of autumn rice, with per mu yield at 500-600 kg. The peasants here told me: With the improvement in the peasants' living standards over the past 2 years there has been a rise in meat food and a drop in labor intensity. It is enough for people to have 250 kg of grain a year and there is a surplus of grain produced every year. In Dongjiang Town, Wuxi County, where people have only 0.6 mu of cultivated land per capita, not only could the peasants fulfill the government

purchase quota of 1.2 million kg of grain in the past but they also could sell 700,000 kg of surplus grain. This year it will probably be impossible to collect 700,000 kg of surplus grain.

Now that the peasants have so much surplus grain, why is it that they do not want to sell more to the government? It is learned that the following are the main reasons:

Over the past 2 years the peasants have expressed widespread dissatisfaction over constantly rising prices of materials for agricultural use, which show excessively wide differences with the government grain purchasing price. In Fengyang County, Anhui Province, the price of carbon ammonium has been raised four times this year from 300 to 380 yuan a ton. In some localities it is even sold at 410 yuan a ton. In 1986 this chemical fertilizer sold for only 240 yuan a ton. Take insecticide as another example. DDVT sold for 8.50 yuan a kg last year but the price has risen to 17 yuan this year. Consequently, the peasants' production costs for grain are much higher. If things continue this way it will certainly affect the peasants' enthusiasm to grow grain.

In contrast to the steeply rising prices of materials for agricultural use the rise in grain price has been relatively slower. The average government purchasing price of grain is 0.35 yuan a kg now and there has been no change in the price for 2 years. What is even more unbearable for the peasants is that after purchasing paddy from the peasants at the government price, some township grain management centers husked it and then sold the rice at 2 and ½ times the price. Some peasants said: If the government can purchase at a low price and sell at a high price why can we only sell at a low price to the government instead of selling at a high price ourselves?

Failure to pay grain price in full following the tightening up of money supply constitutes the third reason affecting the sales of public grain by the peasants. Take Fengyang County, Anhui Province, as an example. According to the contract it will need 21 million yuan to purchase 60 million kg of grain this autumn but the Bank of Agriculture does not have the money. Now, with the prefecture allocating 3 million yuan in funds, the provincial grain department delivering 5 million yuan in advance payments for future grain purchases, and the county recalling 3 million yuan in advance payments for future purchases, the county has only half the money for the grain purchase. Therefore, in the course of purchasing grain it can only pay half the money in cash and the other half in the form of a 1-month fixed bank deposit receipt. The peasants have a lot of complaints about this.

The fourth reason is that the peasants store grain with the intention of selling it at a high price later. In Jiangsu's Wuxi Prefecture, the industry is so developed that there are as many as 300,000 workers from other places. Since

the grain shops do not supply these people with grain various grain transaction markets have emerged in large numbers. The practice of peasants selling grain at a high price is prevalent in Wuxi.

The fifth reason is that the peasants have mastered the method of storing paddy. This, plus the fact that there are rice mills operating all the year round in all villages, has made it possible for the peasants to husk rice as needed and to store the surplus grain at home.

It is precisely because of the above-mentioned reasons that a considerable number of peasants have many complaints and are not enthusiastic about selling grain. As a result, cadres can only go from house to house urging them to sell public grain. It now seems that the question of asking the peasants to sell grain to the state is not only a question of education but, more importantly, a question of price policy.

Bumper Harvest Program Makes Progress in 1988
OW0301105789 Beijing XINHUA in English
0855 GMT 3 Jan 89

[Text] Beijing, January 3 (XINHUA)—The "bumper harvest program" sponsored by the Ministry of Agriculture made significant achievements in 1988, the "PEOPLE'S DAILY" reported today.

In the second year of the program, more than 1,000 contracts were signed with the aim of applying agricultural technology to the production of grain, cotton and edible oil, as well as agricultural sideline products.

According to the ministry's statistics, by December 22, 1988, the output value of the 21 projects of the program reached a total of 2.03 billion yuan, eight times more than its investment.

Last year the program increased grain output by 2.4 million tons and cotton by 400,000 tons. Output of meat, eggs and aquatic products also increased markedly.

In Hubei Province advanced techniques were applied to 109,000 ha of rice fields last year and the rice output reached 7,719 kg per ha, a 26.3 percent increase over that of 1985.

In Shandong Province, the program applied the technology to about 143,000 ha of wheat fields and the output reached 5,976 kg per ha, an increase of 12 percent.

In Jingxing County, in Hebei Province, the program promoted the county's rabbit-raising industry and the rabbit population to one million from 15,000 at the beginning of last year, and raised the income of local peasants by 1.4 million yuan.

Last year about 74,800 technicians in China's rural areas took part in the "bumper harvest program."

The Jiangsu Hormone Research Institute has cultivated or developed dozens of kinds of hormones of insects or plants and applied them in agricultural production in 27 provinces, autonomous regions and municipalities in 1988, according to the "GUANGMING DAILY."

The hormones were applied to 42,000 hectares of boll weevil-stricken cotton fields in Henan Province last year. As a result, the pests were eliminated and the cotton output increased by six percent.

The governments of 25 provinces, autonomous regions and municipalities have earmarked special funds for the "bumper harvest" program, the planting area of which is about 10 million ha.

Grain Profiteering Cases, Penalties Reported
OW0301120889 Beijing XINHUA in English
0907 GMT 3 Jan 89

[Text] Beijing, January 3 (XINHUA)—A deputy manager of a grain shop in Tongchuan City, Shaanxi Province, has recently been dismissed from his post after being convicted of selling grain from rationed stock earmarked for urban residents to a private shop owner.

According to today's "PEOPLE'S DAILY," Li Guangxin approved the sale of 15,500 kg of the grain last October, making an illegal profit of 1,290 yuan.

The Communist Party committee at a higher level also gave Li, a party member, a disciplinary warning, the paper reported.

The Shaanxi Provincial Party Commission for Discipline Inspection and provincial Supervision Department have jointly issued a circular on the case in an attempt to curb such illegal sales.

On the same page, the paper reported another grain profiteering case in Chengdu, capital of Sichuan Province. The Chengdu No. 3 Foodstuffs Company was recently fined 20,000 yuan and had to surrender 150,000 yuan in illegal profits made from sales of rationed instant noodles and grain.

In an accompanying commentary, the paper said these profiteering cases are not rare nowadays, especially when some people make illegal profits by taking advantage of the two-tiered grain price system. The paper also called for severe punishment of the profiteers in order to safeguard the interests of consumers.

State Farms Expected To Increase Grain Production
OW0201073689 Beijing XINHUA in English
0709 GMT 2 Jan 89

[Text] Beijing, January 2 (XINHUA)—China's state farms are expected to increase grain harvests by 10 percent and cotton by nearly 20 percent in 1989 over 1988, "CHINA DAILY" reported today.

To meet this target, more than 330,000 hectares of medium and low-yield farmland in about 2,000 state farms would have to be intensively cultivated.

The paper quoted Vice Minister of Agriculture Liu Jiang as saying that the state farms plan to pool 800 million to 1 billion yuan in investment funds and will gradually replace their equipment with more advanced machinery in 1989.

With a total working staff of 5 million, the state farm sector has doubled its total industrial and agricultural output value over the past decade, reaching 24.4 billion yuan in 1988.

The farms have become the country's main non-staple food suppliers and one of its major exporters. It now provides 85 percent of milk consumed by large and medium-sized cities and their soya beans now make up 27 percent of the country's total.

Liu attributed these achievements to the introduction of the responsibility system and scientific farming methods.

However, in 1988 the farms as a whole failed to increase their production of grain, cotton and edible oil.

Natural disasters as well as industrialization were among the causes. The output value ratio of industry to agriculture on state farms was 6:4 in 1988 compared with 4:6 in 1978.

Liu spoke at a recent national conference urging state farm workers to give first priority to agricultural production.

State Farm, Industrial Output Quadruples
OW0401152789 Beijing XINHUA in English
0720 GMT 4 Jan 89

[Text] Beijing, January 4 (XINHUA)—The agricultural and industrial output value of China's state farm sector has increased by 2.1 times in the past decade—from 7.84 billion to 24.4 billion yuan, the "PEOPLE'S DAILY" reported today.

In 1988, the sector showed profits of 1.39 billion yuan and the income of its employees increased by 200 percent.

In the past decade the sector's profits and taxes turned over to the state have amounted to 14.3 billion yuan—or 89 percent of the total investment in the sector by the state until 1978.

Before 1978, state farms had been in the red for 12 consecutive years and their losses amounted to roughly three billion yuan.

Since 1979, the sector began to be responsible for its own profits and losses and at the same time, it has adopted a contract responsibility system in which workers' incomes are linked with their yields.

By 1983, individually managed farm households were increasingly replacing state-operated collectives in virtually all farming areas.

The ratio between the industrial and agricultural output value has changed from 4 to 6 in 1978 to 6 to 4 in 1988, and farm exports last year brought in 2.24 billion yuan—an increase of 11.3 percent over 1987.

A number of new production bases for grain, cotton, sugar, natural rubber and associated products have also been established and state-owned farms still supply about 80 percent of the milk for Beijing, Tianjin and Shanghai and 40 to 50 percent of the meat used by some of China's major cities.

Railway Construction in East Region Progresses
HK0501091589 Beijing ZHONGGUO XINWEN SHE
in Chinese 0826 GMT 3 Jan 89

["China Invested More Than 1.6 Billion Yuan in the Construction of Railways in Eastern China"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 3 Jan (ZHONGGUO XINWEN SHE)—Railway construction in eastern China, one of the "three major campaigns" in railway construction in China's Seventh 5-Year Plan, fulfilled the investment of 1.64 billion yuan in 1988. Therefore, the tense condition in eastern China's railway network was greatly improved.

According to the railway construction program for the region, in an area of 640,000 square kilometers east of the Beijing-Guangzhou Railway and south of Longhai Railway, new railway track with a total length of 473 kilometers will be built, double track will be laid along 740 kilometers of existing line, and 513 kilometers of railway will be electrified. In addition, railway centers will be built in Xuzhou, Nanjing, Shanghai, Hangzhou, Yingtan, and Wuhu. The whole railway construction program in eastern China needs a total investment of over 7 billion yuan.

Beginning in 1986, the Ministry of Railways massed 100,000 workers to build railways in eastern China. In 1987, the 121-km Fuyang-Huainan Railway, the 129-km Daye-Shahejie Railway, the first phase of double tracking along the Nanxiang-Hejiawan Railway, and the new passenger station in Shanghai were completed. They were all key projects in eastern China's railway network.

In 1988, railway construction in eastern China reached a new high tide. The Fuji Elevated Railroad, the second railway bridge across Qiantangjiang, and the electrification of the railway between Yongan and Zhangping were completed and put into operation. The 15-km railway

from central to eastern Nanjing was completed and put into operation and the preparatory work for building the Xuancheng-Hangzhou Railway was completed. Track-laying along the line between Shangqiu and Fuyang was completed and 64.3 km of the Zhegan Railway and 43.7 km of the Shanghai-Hangzhou Railway were double-tracked.

100 Million Fewer Babies Born in Past Decade
OW0401113789 Beijing XINHUA in English
1043 GMT 4 Jan 88

[Text] Beijing, January 4 (XINHUA)—In the past ten years about 100 million fewer babies were born in China due to conscientious adherence to the family planning policy, and they saved the state 1000 billion yuan.

According to today's OVERSEAS EDITION of the "PEOPLE'S DAILY," the money saved is almost equivalent to China's gross national product in 1987.

Quoting an official from the State Family Planning Commission, the paper said that China's natural population growth rate was controlled at 11 to 14 per thousand between 1979 and 1985, compared with the 35 per thousand births and 20 per thousand natural growth rate before the end of the 1960s (except for 1959 and 1961).

"China's family planning policy has made marked progress over the past ten years," the official said, "although the birth rate has risen somewhat since 1986 because of the increasing number of women reaching child-bearing age."

According to an earlier XINHUA report, from 1989 to 1994, each year will see about 100 million Chinese women in their peak period for child-bearing (between 20 and 29), and the figure will not drop until the year 1995.

A Chinese population expert predicted that the country's population will surpass 1.2 billion by the year 2000.

"Confronted with such a serious population problem," said the official, "the family planning policy should continue to be firmly carried out in the future."

East Region

Jiangsu Capital Notice on Student Demonstrations
OW0401144289 Nanjing XINHUA RIBAO
in Chinese 27 Dec 88 p 1

[Text] A security incident occurred at the campus of Hehai University on the evening of 24 December 1988. The situation began to worsen after the incident occurred. To safeguard work, teaching, production, and livelihood order and to preserve social stability and unity, the Nanjing City people's government hereby issues the following notice:

1. All people in the city, whether Chinese or foreigners, must abide by the laws of the People's Republic of China.
2. The "Provisions Governing Demonstrations and Parades" made public by the city Security Bureau on 28 December 1986 must be strictly implemented. The organizers of demonstrations and parades shall submit applications to the Nanjing City Public Security Bureau 5 days in advance. Approval must be obtained before a demonstration and parade can be held. No unauthorized demonstrations and parades are permitted.
3. Establishing mutual ties for the purpose of inciting trouble and creating incidents to disrupt social order is prohibited.
4. "Big-character posters" and "small-character posters" are not protected by the law.

Violators of the above notice shall be dealt with according to law.

People of the entire city should heighten their vigilance in order to prevent people with ulterior motives from creating incidents to disrupt stability and unity.

27 December 1987

Commentator on Solving Jiangsu Peasants' Problems
HK0401033389 Beijing RENMIN RIBAO in Chinese
26 Dec 88 p 2

[Commentator's Article: "Solve Problems for Peasants To Make Them Feel Happy"]

[Text] As the saying goes, you cannot breathe as usual when you are dissatisfied with something. What are the peasants most disgruntled about? We raise this question on the ground that some of our comrades think little of this question or take it lightly. Comrades in Xinyi County have paid attention to this vital problem and made great efforts in this regard. There is much in their method that comrades in other places can use.

It has been 10 years since we introduced agricultural reforms. We have scored great successes in the reform. There is no denying that China's agricultural production has made much headway, and the peasants' living standards have been raised. But we should realize that the peasants are upset as well as happy at present. Many peasants are dissatisfied with agricultural products' low price parity, price hikes in agricultural production means such as chemical fertilizer and farm chemicals, and their untimely supply. If we only look to the peasants' pleasure and neglect their hardships, and if we do not help them overcome their difficulties but instead do something which hurts their feelings and infringes upon their interests, the peasants will have a lot of complaints about us.

Some basic level comrades may say: "Since we have no money nor materials, how can we help peasants with their difficulties?" Indeed, some matters which are of great concern to the peasants such as increasing the supply of materials, rectifying price irrationalities, increasing investment in agriculture, and so on, involve the overall situation, and are beyond the reach of a county or a village. It should be acknowledged that basic level cadres are generally working hard, and they often have a hard time from being "sandwiched" by the leadership at a higher level who tells them to do this and that, and the peasants who ask them for this and that. All these hardships and difficulties experienced in work must be appreciated. However, we should make a point that cadres at all levels are to serve the people. Cadres working in the countryside should first of all try their best to pacify the peasants. The work and circumstances vary from county to county, and village to village. It is possible for county or village cadres to successfully create a favorable environment around them. Has not Xinyi County shown us a good example? Comrades in the county have solved the problems related to chemical fertilizer, farm chemicals, and farming plastic sheeting; these are a headache for quite a lot of leading cadres. They have concentrated their efforts on developing farming industries, and reforming the way those industries are operated. How many counties are there which are not provided with these two conditions?

It is regrettable that some of our comrades think little of providing the peasants with more benefits, while thinking more of exacting more from them. They arbitrarily retain the peasants' incomes, demand a variety of duties and charges of them, eat and drink extravagantly, spend public money freely, and so on. Despite repeated injunctions from the central authorities, the burden on the peasants' shoulders increases steadily. All this makes the peasants more disgruntled. Currently the state is coming up against difficulties, and the peasants have made due contributions to the state by sharing the hardships. At this juncture, the leading cadres should pay special attention to the peasants' feelings, improve the relations between cadres and the masses, and exert their utmost to help the peasants solve their problems so as to maintain the internal vitality of the rural economy.

Jiangxi Leaders Attend Armed Police Ceremony
*OW0401070689 Nanchang Jiangxi Provincial Service
in Mandarin 1100 GMT 29 Dec 88*

[Recorded report by station reporter Hu Huiming: Provincial Armed Police Force Commends Retired Cadres at Ceremony]

[Text] This morning the Jiangxi Provincial People's Armed Police Force held a solemn ceremony in Nanchang to commend old cadres. Leaders from the provincial and city party, government, and military, as well as the Nanchang Army Academy, Wu Guanzheng, Wang Zhaorong, Wang Baotian, Yi Sheng, Zhu Zhihong, Wang Zemin, Yang Yongfeng, Wang Guande, Shen Shanwen, Lu Peiji, Li Ying, Wang Shuheng, and Li Aisun attended the ceremony. The ceremony was presided over by (Ding Xingfa), commander of the provincial People's Armed Police Force.

[Unidentified voice announces the ceremony's opening and playing of the national anthem]

Sun Shusen, director of the provincial Public Security Bureau and first political commissar of the provincial People's Armed Police Force, read the commendation order of the State Council and the Central Military Commission. (Xu Guowu), political commissar of the provincial People's Armed Police Force, read the congratulatory message from the Chinese People's Armed Police Force headquarters.

Provincial and municipal leaders conferred the Medal of Justice [zhengyi xunzhang] on 20 old cadres, including Jia Qingrong and Jiang Xingye. Members of the Young Pioneers then presented flowers to the bemedalled old comrades.

Wang Zhaorong, member of the provincial party committee Standing Committee and head of the provincial leading group for public security, the procuratorate, and the judiciary, spoke at the meeting.

[Begin Wang Zhaorong recording] The provincial People's Armed Police Force hold a solemn ceremony here today to confer the PLA Meritorious Service Medal on 20 retired cadres. On behalf of the provincial party committee, people's government, and the people of Jiangxi, I extend my heartiest congratulations to these old comrades on receiving the highest honor. [end recording]

Wang Zhaorong said: In addition to the revolutionary war, retired comrades have also made indelible contribution to the liberation of the people, the birth of new China, the protection and building of the motherland during socialist revolution and construction, and laying the foundation and reform of the People's Armed Police Force during the new era. You are all worthy of the Meritorious Service Medal. We must step up activities to emulate, publicize, and show respect for old comrades

and perform good and real deeds to provide them with a comfortable living during their final years. We hope that old comrades will carry on the fine traditions of the revolution and strive for greater honor.

At the ceremony Jia Qingrong, a retired People's Armed Police Force cadre, and Chen Xuedong, representative from the provincial People's Armed Police Force, spoke.

The commendation ceremony ended against the backdrop of majestic martial songs of the Chinese PLA.

Shandong's Jiang Addresses Planning Conference
*SK0401051189 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 31 Dec 88*

[Text] The provincial targets set for national economic and social development in 1989 are to show an 8 percent increase in GNP, a 7.5 percent increase in national income, a 10.2 percent increase in total industrial and agricultural output value, a 3.5 percent increase in total agricultural output value, and a 12 percent increase in total industrial output value.

This was revealed at the provincial planning and work conferences on conducting reforms in economic systems, which concluded 31 December. During the conferences, Jiang Chunyun, secretary of the provincial party committee and governor, delivered a speech in which he called on the people throughout the province to do an unswervingly good job in improving the economic environment, rectifying economic order, and conducting readjustment in the New Year; to implement unswervingly the general principle of conducting reform and opening to the outside world; to readjust and optimize unswervingly the economic structure; to seize upon opportunities and advance despite difficulties; and to fulfill vigorously various targets and plans to win a new victory in conducting reform and construction.

In his speech Jiang Chunyun pointed out: To achieve truly a great effect in improving the environment, rectifying order, and conducting readjustment, it is imperative to deal with the following three problems concerning understanding and ideology:

1. Localities and departments should examine whether they have incurred the problems of an overheated economy, excessive demand, inflation, and a chaotic order and find out the manifestations and the extent of these problems.
2. Localities and departments should find out how great the harm caused by these problems is and determine whether they can deal with these problems without improving the environment and rectifying order.
3. Localities and departments should know full well whether they must be active or not and whether they truly exert efforts or they practice fraud in implementing the policy decisions made by the central and provincial

authorities. Only by giving correct answers to these questions will they be able to make up their minds to do a good job in improving the environment and rectifying the order in line with the central demand.

In his speech Jiang Chunyun stressed that the key to improving the environment and rectifying order lies in readjustment. According to the demands set by state policies concerning industries and market demand, efforts should be made to implement the principle of protecting some things and curtailing others as well as of maintaining the superior and eliminating the inferior; to upgrade the standard, quality, and class of products; to increase economic results; and to orient the focal point of development on the foundation of enhancing agriculture, on strengthening production and construction of energy resources, communications, and major raw materials, and on the increase of famous trade mark, fine-quality, special, and new products.

Jiang Chunyun pointed out: The general demand in enhancing agriculture in 1989 is to ensure a good harvest of planted crops; to achieve overall development among the undertakings of forestry, animal husbandry, and fishery; to achieve sustained and stable growth in rural enterprises; particularly to regard grain production as a core of focal points of various elements of production and refrain from slackening efforts in this regard even slightly.

In his speech Jiang Chunyun pointed out: Commodity prices have a vital bearing on winning trust from the people and maintaining the situation of stability and unity, represent an important sign which can determine whether we have effectively conducted the work of improving the environment and rectifying the order, and also represent an important yardstick in measuring the capability of leading personnel at all levels in fostering a sense of the whole situation and of discipline and in having the situation well in hand. Various tasks in 1989 should be subordinate to the realization of these targets and render service for that realization. Meanwhile, all-out efforts should be made to develop the export-oriented economy and to expand foreign trade. Localities, by proceeding from the situation as a whole, should do a good job in procuring export natural resources and vigorously increasing foreign exchange earnings through exports.

Jiang Chunyun stressed in his speech that to successfully improve the environment and rectify order, it is imperative to unswervingly accelerate or deepen the drive to conduct reform in economic systems and to create a favorable circumstance for economic development.

Attending the conferences on 31 December were Ma Zhongchen and Zhao Zhihao, deputy secretaries of the provincial party committee and vice governors; and Ma Shizhong, vice governor.

Shandong's Jiang Attends New Year Soiree
SK0401003089 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 31 Dec 88

[Text] On the afternoon of 31 December Shandong Province, the Jinan Military Region, and Jinan City jointly and ceremoniously held a soiree at the Zhenzhuquan Auditorium. The theme of the soiree was supporting the army and giving preferential treatment to servicemen's family members as well as supporting the government and cherishing the people.

More than 1,500 people got together to speak glowingly of the tremendous achievement scored in the drive to conduct reform over the past 10 years; the tremendous change caused by the reform drive in both material and cultural lives of servicemen and civilians; and the friendly feelings like fish and water, which have cropped up in unity between the army and the government and between the army and the people were. Among those in attendance were cadres, the masses, and martyrs' family members from various fronts; the PLA commanders and fighters; the leading comrades of the party, government, and army organs of the province, the Jinan Military Region, and Jinan City; the representatives of the PLA combat heroes and models; and the representatives of servicemen's family members in Jinan City.

Governments and the people at all levels throughout the province have actively made efforts by following the fine tradition of supporting the army and giving preferential treatment to servicemen's family members to support the PLA units to carry out their programs of revolutionization, modernization, and regularization.

During the soiree the participants stated that in the New Year they are determined to further enhance the unity between the army and the government and between the army and the people; and under the guidance of the spirit of the 13th CPC Congress and the 3d Plenary Session of the 13th CPC Central Committee, to unite as one, to conduct cooperation, to arouse themselves for vigorous efforts to make the province prosperous, and to arduously do pioneering work to make even greater contributions to the motherland's program of building the four modernizations.

The hall was filled with a warm atmosphere with the army cherishing the people who support the army and both the army as well as the government and the people were enjoying the unity.

Attending the soiree were Jiang Chunyun, secretary of the Shandong provincial party committee and governor; Ma Zhongchen and Zhao Zhihao, deputy secretaries of the provincial party committee and vice governors; Li Jiulong, commander of the Jinan Military Region; Song Qingwei, political commissar of the Jinan Military Region; Liang Buting, chairman of the provincial Advisory Commission; Li Zhen, chairman of the provincial People's Congress Standing Committee; responsible

comrades from the Shandong Provincial CPC Committee, Advisory Commission, People's Congress Standing Committee, people's government, CPPCC Committee, and Discipline Inspection Commission, including Zhang Quanjing, Miao Fenlin, Gao Changli, Li Chunting, He Guoqiang, Han Fude, Liu Zhongqian, Wang Chengwang, Wang Runzhai, Zhu Yongshun, Li Yu, Lu Hong, Xiao Han, Xu Jianchun, Lin Ping, Yan Qingqing, Tan Qianlian, Zhou Zhenxing, Xu Wenyuan, Ting Fangming, Yang Da, and Su Yingheng; responsible comrades from the provincial People's Procuratorate, including Zang Kun; special advisors to the provincial people's government, including Ma Changgui, Song Yimin, Zhu Qimin, Zhang Jingtao, and Han Bangju; members of the CPC Central Committee, who are currently in Jinan City, including Lu Maozeng; members of the Central Advisory Commission, including Rao Shoukun, Chen Renhong, and Kong Shiquan; members of the Central Discipline Inspection Commission, including Li Farong; veteran comrades of the provincial level organs, including Zhao Lin, Gao Keting, Qin Hezhen, Wang Jinshan, Wang Zhongyin, Chen Lei, Li Sijing, Wang Weiqin, (Wang Ting), Xu Leijian, and Zhou Xingfu; responsible comrades from the Jinan Military Region and its leading organs, the Discipline Inspection Commission and the Air Force units under the Jinan Military Region; the provincial military district, and the provincial Armed Police Forces, including Zhang Zhijian, Lin Jigui, Ma Weizhi, Cao Pengsheng, Jiang Futang, Xu Chunyang, Zhang Zonglin, (Yang Hanwen), Cai Renshan, (Liu Shaoxian), (Sun Kai), Yan Zhuo, and (Yang Jiajie); veteran comrades of the Jinan Military Region, including (Zhang Rushan) and Pan Qiqi; and responsible comrades from Jinan City, including Zhai Yongbo.

A film was shown during the soiree.

Shanghai's Industry Shows Expansion
OW0401132289 Beijing XINHUA in English
0834 GMT 4 Jan 89

[Text] Shanghai, January 4 (XINHUA)—Shanghai's industry took a turn for the better last year, ending a decline in the previous two years.

From January to November last year, the profits earned and taxes turned over to the state by the city's state-owned industrial enterprises registered an increase of 1.3 percent over 1987.

This was achieved despite the fact that 1988 was a difficult year for the city, which is considered to be China's principal industrial base. It suffered from unusual shortages of raw materials and energy.

Economists here said the industrial success last year stemmed from the introduction of the contract responsibility system to virtually all of the city's 1,600 industrial enterprises.

By the end of November, 96 percent of these enterprises had fulfilled their contractual obligations for profits, foreign currency earnings and taxes.

Although output of Shanghai's metallurgical enterprises decreased by 0.5 percent compared with 1987, profits earned by the industry showed a 15.6 percent increase over the previous year.

Central-South Region

Economic Exchanges Between Guangdong, Taiwan
HK0401031389 Guangzhou Guangdong Provincial Service
in Mandarin 1000 GMT 31 Dec 88

[Text] People from all circles in the Guangzhou area held a forum this morning to mark the 10th anniversary of the publication of the "Letter to Taiwan Compatriots." At the meeting (Wu Minguang), deputy director of the provincial Committee of Foreign Economic Relations and Trade, disclosed that there has been a gratifying beginning in economic and trade relations between our province and Taiwan.

(Wu Minguang) said: The momentum of economic exchanges between Guangdong and Taiwan has been growing over the past 2 years. The number of Taiwan businessmen attending the spring and autumn export commodity fairs this year is over 16 times that last year. According to incomplete statistics, Taiwan compatriots have set up nearly 100 enterprises in our province, totaling several dozen million U.S. dollars in investment. Indirect trade with Taiwan has also risen substantially. This has played a positive role in increasing economic exchanges between Guangdong and Taiwan and understanding among people, as well as promoting the three communications.

Guangdong Leaders Spend Holiday With People
HK0301144089 Guangzhou Guangdong Provincial
Service in Mandarin 0400 GMT 2 Jan 89

[Text] On New Year's Eve, Yuexie Park was decorated with attractive colored lanterns, and crowds of joyous people streamed into the park from all directions.

Together with the visitors, Ren Zhongyi, a member of the Central Advisory Commission; and Lin Ruo and Zheng Guoxiong, responsible persons of the Guangdong provincial party committee, last night enjoyed the sight of a lantern exhibition by Zigong City, Sichuan Province.

According to incomplete statistics, there were more than 50,000 visitors to the exhibition last night. The visitors were intoxicated with the spirit of the festival. Ren Zhongyi, Lin Ruo, and Zheng Guoxiong shared the joys of the coming New Year with the visitors.

Shenzhen, Hong Kong Establish Joint Venture
*HK0401065989 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST)
in English 4 Jan 89 p 1*

[By Monica Ko]

[Text] Semi-Tech Electronics is joining forces with the Shenzhen Electronics Groups (SEG) to set up a company to focus on the research and development of high-technology and advanced consumer electronics products.

The joint company, Semi-Tech SEG Technology, is 70 percent owned by Semi-Tech.

The firm consists of two parts. The research facilities will be based in Shenzhen and an office will be set up in Hong Kong for the convenience of information exchange.

It is the first research and development joint venture set up in the Shenzhen Special Economic Zone and will concentrate on the development of high resolution television sets, video cassette recorders, fax machines, printers, video transfer facilities, telephone and office equipment.

James Ting, president and chief executive officer of Semi-Tech Electronics, said initial investment would amount to \$4 million and this would increase as the project proceeded.

The 5,000 sq ft office in Hong Kong has already been set up in Kwun Tong and the Shenzhen branch is scheduled to open in April with a floor area of more than 10,000 sq ft.

Mr Ting said the new products developed by the joint venture would be passed primarily to the manufacturers in China for production and the marketing would be handled by Consumer Distributing, the North American distribution network under the control of the Semi-Tech group.

Ma Fu-yuan, president of the SEG conglomerate which is one of the four majority shareholders of listed Semi-Tech Microelectronics (Far East), said yesterday SEG had increased its stake in the listed company with the acquisition of some shares in the market.

He refused to say how many shares were bought and at what price.

Over the last few weeks, the market saw big turnovers in Semi-Tech Microelectronics shares. Last Friday, 34.44 million shares were traded. Its closing price was 72 cents.

Yesterday, the share price moved between 72 and 74 cents before closing at 72 cents. Turnover amounted to \$1.09 million as 1.51 million shares changed hands.

As to the development of SEG, Mr Ma said the group had teamed up with China Devices and Hitachi of Japan in a U.S.\$140 million project in Shenzhen to make colour television tubes.

The project, to be formalised on January 25, will be 45 percent owned by SEG, 30 percent by China Devices and 25 percent by Hitachi.

Mr Ma said the venture, to be in operation by the summer of next year, would produce in excess of 1.6 million tubes mainly for the 20-inch television sets manufactured by SEG.

Hainan Invests in Posts, Telecommunications
*HK0401084189 Haikou Hainan Provincial Service
in Mandarin 0400 GMT 3 Jan 89*

[Text] The Ministry of Posts and Telecommunications will invest 40 million yuan and U.S.\$5.7 million in building five telecommunications projects before 1990.

This was disclosed by Zhu Gaofeng, vice minister of posts and telecommunications, while inspecting our province recently.

The five projects are: A ground satellite communication station in Haikou City; an auxiliary project for 25,000 program-controlled telephone sets and 1,200 trunk call lines in Haikou City; a 1,800-line microwave diffusion capacity project in (Yueqi); a 1,024-line telex exchange system together with a 128-line automatic switchboard; and a postal and telecommunications service center in Haikou City.

Hubei Makes Headway in Using Foreign Capital
*HK0301143689 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 31 Dec 88*

[Text] Our province this year made impressive headway in utilizing foreign capital. Hubei has approved 53 foreign-funded enterprises, with a total investment of over \$167.8 million, an increase of 354 percent over last year, or about the total investment volume between 1979 and 1987.

Since the beginning of this year party committees and governments at all levels in our province have attached great importance to the use of foreign capital. They have energetically helped the three kinds of enterprises that are partially or wholly foreign-owned settle their difficulties and made great efforts to create a good investment environment. Our province has also set up an association of, and a service center for, foreign-funded enterprises to coordinate solutions of enterprises' difficulties and to offer specific services to foreign-funded enterprises, so that foreign businessmen are increasingly interested in making investments and holding talks for more investments.

Xiong Qingquan Speaks on Public Order in Hunan
*HK0401140789 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 3 Jan 89*

[Excerpts] At a provincial conference on urban public order work yesterday, provincial CPC Secretary Xiong Qingquan, who is also governor of the province, called on all localities to mobilize extensively the masses and different forces in society to concentrate their energy on launching a comprehensive battle to maintain social order throughout the province in the coming 3 months; to strive to ensure that social order in 1989 will be significantly better than last year.

The conference was the first work meeting called by the provincial party committee in the New Year. Secretary Xiong Qingquan personally presided over the meeting. Attending it were leaders in charge of judicial work in party committees as well as chiefs of public security organs, the People's Courts, and the People's Procuratorates of seven cities under direct jurisdiction of the province, and the two prefectures of Yueyang and Yiyang. [passage omitted]

Liu Zheng, Liu Fusheng, and (Dong Zhiwen) took the floor at the meeting. Comrade Xiong Qingquan made a closing speech on three issues. First is how to view the current public order situation in our province. He noted: Thanks to the efforts of judicial organ comrades, the provincial public order situation is basically stable, and no serious problems have appeared. However, there are many minor problems and the situation is very harsh. The prominent problem is that factors making for instability and serious criminal cases are increasing, and some ugly phenomena have not yet been halted. Second is how to deal with these problems. It is necessary to resolve firmly to rectify public order, as Zhuzhou City did. We should neither take a laissez-faire attitude nor a naive view so that criminals will go scot-free. Third is how to improve social order. He pointed out: Social order is not isolated. It is a concentrated expression of social contradictions in the economic, political, and cultural fields. For this reason, the problem of social order must be tackled in an overall way. [passage omitted]

Comrade Xiong Qingquan especially stressed ideological education among teenagers, particularly education in patriotism and morality. He called on public security organs, courts, and the procuratorate to give full play to their functions, put dynamic management first instead of static management, combine dynamic management with static management, and raise the ability to make quick reactions and the ability to control the whole society.

Southwest Region

Chengdu Military Region Opens 6th Party Congress
*HK0301143089 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 30 Dec 88*

[Text] The Sixth Chengdu Military Region CPC Congress opened in Chengdu yesterday morning [30 December]. Representing all party members in army units in Yunnan, Guizhou, Sichuan, and Tibet, 550 party members attended the meeting. The congress will sum up and analyze the situation in army building since 1983, especially since the merger of Chengdu and Kunming Military Regions, and study how to penetratingly implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and the enlarged meeting of the Central Military Commission and how to carry out more satisfactorily the tasks and measures for building party committees at all levels in the region and building a revolutionary, modern, and regular army.

At the opening ceremony yesterday, on behalf of the Fifth Chengdu Military Region CPC Committee, Wan Haifeng, political commissar of the Chengdu Military Region, delivered a report entitled: Rouse Ourselves, Struggle in Unity, and Continuously Push Forward Army Building in Our Region.

After the conclusion of the opening ceremony the delegates examined and discussed the Fifth Chengdu Military Region CPC Committee work report; listened to, examined, and discussed the Chengdu Military Region Discipline Inspection Commission work report; and elected the Sixth Chengdu Military Region CPC Committee and Discipline Inspection Commission.

Sichuan Provincial CPC Committee Secretary Yang Rudai and Deputy Secretary Zhang Haoruo attended the meeting to extend their congratulations. At the opening ceremony Yang Rudai read out the message of congratulations from the Sichuan Provincial CPC Committee.

Congress Concludes

*HK0401131889 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 3 Jan 89*

[Text] The 4-day sixth party congress of the Chengdu Military Region successfully concluded in Chengdu on the morning of 2 January.

Political Commissar Wan Haifeng presided over the closing ceremony. The congress elected 31 members by secret ballot through a direct multicandidate election to form the Sixth Chengdu Military Region CPC Committee, and 20 members were elected to form the Discipline Inspection Commission. Meanwhile, more than 500 representatives from various party organizations of the military region approved by a show of hands a resolution

on the work report made by the fifth Chengdu Military Region party committee and a resolution on the work report by the Discipline Inspection Commission.

Being of one heart and one mind, bracing up, being conscientious in work, adhering to reform, and making new progress are the common aspirations of all delegates to the sixth Chengdu Military Region party congress. During the meeting, all delegates said what was on their minds and aired their views freely, and a hot atmosphere of democracy prevailed throughout the meeting. They put forward many constructive views and suggestions on many major issues, such as strengthening party building under the new situation, enhancing the fighting capacity of party organizations, working hard for the reforms in line with actual conditions in southwest China according to the instructions of the CPC Central Committee and the Central Military Commission, and strengthening revolutionization, modernization, and standardization of all units of the Chengdu Military Region. Their helpful views and suggestions built a foundation for decisions made at the congress.

On the afternoon of 2 January the Sixth Chengdu Military Region CPC Committee held its first meeting, at which secretary, deputy secretary, and party committee Standing Committee members were elected. The newly elected Standing Committee comprises 11 persons, with Wan Haifeng as secretary and Fu Quanyou as deputy secretary. Meanwhile, the Chengdu Military Region Discipline Inspection Commission also held its first plenary session, at which members of its Standing Committee, secretary, and deputy secretary were elected. The newly elected Discipline Inspection Commission Standing Committee has 5 members, with Lin Shuo as secretary and (Chen Liangfu) as deputy secretary.

Guizhou Secretary Inspects Disaster Areas
HK0301144689 Guiyang Guizhou Provincial Service
in Mandarin 1100 GMT 2 Jan 89

[Excerpts] Prior to the New Year, Guizhou CPC Secretary Liu Zhengwei went to disaster-afflicted Tongren Prefecture and Wengan and Fugian Counties and visited the cadres and masses there. He encouraged them to overcome difficulties to welcome in the New Year. Wherever he went he asked the cadres and masses about the disasters and the people's livelihood. [passage omitted]

While in Wengan County Comrade Liu Zhengwei happily watched an entertainment program shown by the local people. He wished the local people a happy New Year. [passage omitted]

On New Year's Day Comrade Liu Zhengwei held a talk with Tongren party, government, and military leaders. Today he went to Jiangkou County, which is most seriously affected by disasters, to find out about arrangements for the people there.

Hand Grenade Explodes on Kunming-Chongqing Train
HK0501114689 Beijing ZHONGGUO XINWEN SHE
in Chinese 1031 GMT 5 Jan 89

[Report: "Explosion Takes Place on No 366 Kunming-Chongqing Train"—ZHONGGUO XINWEN SHE Headline"]

[Text] Chongqing, 5 Jan (ZHONGGUO XINWEN SHE)—Two thugs threw a hand grenade on the No 366 Kunming-Chongqing train at around 0643 Beijing time, causing 23 casualties with 2 seriously injured. Fortunately, no deaths were incurred and the thugs were seized on the spot.

Based on a briefing, a railways official said: The two thugs were brothers, peasants from Yunnan; they were on board the train destined for Dazu in suburban Chongqing to visit their relatives. When the train came to the Shimenkang railway station on the border between Guizhou and Sichuan, one of the thugs pulled the hand grenade fuse and stood on his seat. He then threw the grenade into the middle section of the railway car; the explosion made a hole in the floor as large as a bowl. The train was not seriously damaged, and it continued onto Ganshuice railway station, where the wounded were removed for medical treatment. The train arrived punctually at Chongqing railway station at 1137 today.

This reporter examined the railway car on which the explosion took place. Shrapnel marks and blood stains could be found on the seats, while the hole resulting from the explosion had already been repaired.

The motivation for the throwing of the hand grenade has not yet been clarified, and the thugs did not show any resistance when apprehended. Investigation and handling of the case are under way.

Democratic Assessment of Leading Sichuan Cadres
HK0401040189 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 1 Jan 89

[Excerpts] According to a SICHUAN RIBAO report, on 30 December 1988 the Sichuan Provincial CPC Committee held a mobilization meeting on conducting a democratic assessment of leading cadres in organs directly under the provincial authorities. The work should be completed in the 1st quarter of 1989. In line with CPC Central Committee Organization Department requirements, the provincial party committee has decided to conduct an annual democratic assessment and examination of the work of on-the-job principal and deputy chiefs and directors of various provincial party committee and government departments and bureaus. [passage omitted]

In his speech Gu Jinchi, provincial party committee deputy secretary, talked about the guiding idea and aim of the assessment work. He said: Through the annual work assessment, we should promote the overall implementation of the guidelines of the 3d Plenary Session of the 13th CPC Central Committee in our province. The objects of assessment should realistically sum up their work this year and the assessors should objectively, fairly, and honestly assess cadres and strive to penetrate ideological and political work in the entire process of examination and assessment.

Yunnan Secretary Urges Opposing Corruption
HK0301121989 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 29 Dec 88

[Excerpts] At the provincial planning meeting this morning, provincial party Secretary Pu Chaozhu made an important mobilization speech on rectifying economic order, dealing with cases of speculation and profiteering committed by government officials and by common people, and the struggle against corruption. When basically appraising the work of rectifying economic order and consolidating companies in the previous period, Pu Chaozhu said: In accordance with the policy of improving the economic environment, rectifying economic order, and deepening reform, which was put forward by the 3d Plenary Session of the 13th CPC Central Committee, the provincial party committee held an enlarged meeting in October to make an arrangement for rectifying and consolidating various companies. The provincial government also held a mobilization meeting regarding this, and departments at various levels have established leading groups or offices for rectifying and consolidating companies. Some 1,400 professional personnel have been transferred to relevant posts to carry out this work. In the past 2 months the provincial collecting station has received some 127 letters of accusation, which include 23 major and serious cases involving more than 1 million yuan in illegal gains. This shows that the broad masses and cadres are conscientiously carrying out the struggle. At present investigations have been carried out to deal with 183 major and serious cases involving 90 companies, and 89 of the cases have been handled. Some 3.53 million yuan in illegal gains have been confiscated, 13.26 million yuan in illegal credit funds have been recovered, and more than 20 million yuan of loans which the bank should not have granted have been withdrawn. Punishments such as ordering the ceasing of production for rectification, ordering closure, and revoking business licenses have also been given to 38 companies which have violated laws or discipline. A total of 19 people involved in those cases have been detained for further investigation or arrested according to the law. [passage omitted] Pu Chaozhu demanded that party committees at various levels further strengthen leadership and adopt resolute measures to carry through to the end the rectification of the economic order and the struggle against speculation and profiteering by both government officials and common people. [passage omitted]

North Region

Beijing Consumer Protection Regulations Published
HK0301050289 Beijing CHINA DAILY in English 3 Jan 89 p 1

[By staff reporter Guo Zhongshi]

[Text] Beijing, has publicized its first consumer protection regulations in the wake of rampant indiscriminate price hikes and market ill-practices.

The regulations are the most comprehensive and systematic the capital city has ever drafted and will go into effect on February 1, filling a gap in the management of markets here, a spokesman for the Beijing Industrial and Commercial Administration told CHINA DAILY.

The regulations set out rights of the consumers and responsibilities of the producers and traders.

Consumers are entitled to commodities that meet standards of hygiene, quality, price, safety and weights and measures.

Producers, service organizations and traders are forbidden to produce or sell commodities harmful to health or personal safety, turn out obsolete or fake products, raise prices willy-nilly, exaggerate in advertising, or cheat in measurement, the new rules say.

Producers and traders are also required to publicize consumer protection rules and set up ways to deal with customer complaints.

The spokesman said the new regulations entitle local consumers' associations to conduct inspections on prices, quality, measurement, safety and hygiene.

Quality tracking stations are also being set up in major department stores with 41 formed to date across the country.

Consumers' associations will also represent complainants in lawsuits to local people's court.

Violators of the rules will be punished in civil or criminal cases for causing loss of property or harming the health of the consumers.

Service organizations and sellers should be the first to compensate for economic losses of consumers, unless the responsibility lies with the producers or distributors, then the service centres and traders should ask them for compensation, the regulation say.

Consumers have one year to initiate an action.

The regulations require all departments concerned to respond to consumer complaints within 30 days.

Hebei Overfulfills 1988 Coal Production Plan
*SK0401115489 Shijiazhuang Hebei Provincial
Service in Mandarin 2300 GMT 30 Nov 88*

[Text] As of mid-November provincial collieries produced 40.01 million tons of raw coal, overfulfilling the annual raw coal production plan more than 40 days ahead of schedule and showing an increase of 1.67 million tons or 4.4 percent over last year.

Since the 2d half of this year there has been a strain on coal supply. Thus, the vast number of staff and workers on our province's coal front enthusiastically carried forward the glorious tradition of bravely bearing heavy burdens and sharing worries with the country and the people; conscientiously tapped production potential; overcame difficulties due to changing geological conditions, strained transportation, and shortage of electricity; sought pressure for themselves; and made efforts to increase production. As a result, coal production levels improved with each passing month; and each and every coal mining administrative bureau and each and every colliery surpassed its monthly production targets.

Inner Mongolia CYL Second Plenum Concludes
*SK0201021989 Hohhot NEIMENGGU RIBAO
in Chinese 13 Dec 88 p 1*

[Excerpts] The second plenum of the eighth autonomous regional CYL Committee concluded on 9 December. Participating members adopted a decision on urging CYL organizations throughout the region to regard consciously the tasks of improving the economic environment, rectifying economic order, and deepening the reform drive in an overall way as their work emphasis in 1989.

During the plenum the participating members reviewed achievements scored in their work over the past year, analyzed problems existing in their work, and emphatically studied and defined 1989 tasks which are as follows:

Efforts should be made to conduct extensively and deeply situational education among CYL members and youths. [passage omitted]

Efforts should be made to create conditions for taking a stable step in conducting reform in the CYL system. [passage omitted]

The CYL organizations at all levels should further deepen the emulation drive to reinforce youth vitality by enriching its content, upgrading its level, and paying attention to creating something new. The emulation drive's focal points are to upgrade labor quality, promote labor force development, and lead youths to engage honestly in labor and creative activity while conducting their professional work.

During the plenum Zhang Dinghua and Qian Fenyong, deputy secretaries of the autonomous regional party committee, sponsored a forum with participating members. At the forum they delivered speeches pointing out that CYL Committees at all levels are new forces in the drives to conduct reform and build the two civilizations, that the CYL organizations and the broad masses of CYL members at all levels should bring their role in this regard into play, and that party organizations and administrative leading cadres at all levels should attach importance to CYL work and place the work on their important schedule. [passage omitted]

In their speeches they also pointed out that the CPC Central Committee recently approved in principle the allowing of all CYL organizations to take part in social supervision, that the task of supervision is glorious but arduous, that the supervision undertaken by CYL members and youths constitutes a very important component part in the social supervisory mechanism, and that such supervisory work is an important matter concerning policies and should be carried out after mastering state law and regulations and in line with party's principles and policies. [passage omitted]

During the plenum 350 advanced CYL branches, 200 model CYL members, and 6 advanced organizations and units that emerged in the 1988 emulation drive to reinforce youth vitality were also commended.

Shanxi Increases Foreign Trade Relations
*OW0401150489 Beijing XINHUA in English
0722 GMT 4 Jan 89*

[Text] Taiyuan, January 4 (XINHUA)—Shanxi, an inland province in north China, has established trade relations with nearly 100 foreign countries since 1978, Wang Senlin, director of the Shanxi Provincial Foreign Trade Department, said today.

Before 1978, the province was not allowed to engage directly in trade with foreign countries.

According to Wang, Shanxi introduced 179 technical items valued at 140 million U.S. Dollars between 1978 to 1987.

The province attracted a total of about 140 million U.S. dollars in foreign investment to build 31 Sino-foreign joint ventures.

Wang said the province has also signed three contracts for overseas projects valued at 14 million U.S. dollars since 1985.

Shanxi has also sent 3,500 people to 29 foreign countries to work on construction projects, Wang said.

Northeast Region

Jilin Commentary on Strengthening Tax Management
SK0401055089 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 3 Jan 89

[Commentary: "Intensify Economic Supervisory Mechanism and Strengthen Management Over Tax Revenue"]

[Text] In order to establish a new order for the socialist commodity economy, we must establish and intensify the economic supervisory mechanism. Moreover, tax revenue is one of the important aspects of economic supervision. Through several years of efforts to reform the tax system, our province has established a complex tax system which takes the tax on funds being retained for other purposes [liu zhuan shui] and income tax as the main body in coordination with other tax systems, and is regulated by various tax categories, and multiple links and layers. Tax revenue has entered production, distribution, exchange, and consumption spheres and various aspects of social life. At present one of the glaring problems existing in the economic sphere is serious tax evasion. Investigations among some cities and counties in the province showed that about 40 percent of state and collective enterprises have evaded taxes, and tax evasion of individual households is as high as 70 percent or more. Many taxpayers have committed tax evasion despite repeated investigations and legal prohibitions. This has seriously affected the normal economic order and harmed the interests of the state and the localities. For this reason, we must resolutely manage taxes in line with the law and launch a struggle against tax evasion, for this is one of the important tasks of the current attempts to improve the economic environment and rectify economic order.

At present our province's taxation departments at all levels are taking active steps to reform the tax collection and management situation in line with party Central Committee and State Council plans. They are striving to explore miscellaneous tax resources in society, such as taxes from private enterprises and the individual economic sector, and methods for collecting and managing taxes of public ownership enterprises after they have implemented the contract and leasing systems. In addition, we should further intensify tax inspection offices, local tax stations, and tax inspection teams' tax supervisory role; block all economic loopholes; increase financial revenues; and promote development of our province's commodity economy.

1988 Liaoning Agricultural Achievements
SK0401065289 Shenyang LIAONING RIBAO
in Chinese 12 Dec 88 p 1

[Text] Reporters were informed at the ongoing provincial rural work conference that this year our province saw satisfactory achievements in rural economy work thanks to the concerted efforts of party and government

organizations at various levels and of all people of the province to persistently deepen reforms, overcome unfavorable factors such as shortages of funds and energy resources and excessive increases in the prices of agricultural capital goods, and to combat low temperature and drought. The overall rural situation is better than expected.

The Rural Economy Developed in a Sustained and Steady Manner

The total grain output reached 13.07 million tons. Production of such foodstuffs as meat, eggs, poultry, milk, vegetables, and fish peaked in 1988. The total meat output was expected to reach 680,000 tons, an increase of 6.6 percent over 1987. The output of poultry and eggs reached 400,000 tons, an increase of 28.6 percent over last year. The total output of aquatic products reached 850,000 tons, an increase of 5.5 percent. The town and township enterprises continued to maintain the trend of very rapid development. The total output value realized by town and township enterprises was expected to reach 35 billion yuan and the profits and taxes handed over to the higher levels by these enterprises reached 1.39 billion yuan, increasing 33.3 percent and 15.8 percent respectively. A total of \$600 million were created from exporting farm products, an increase of 27.6 percent over last year. Forestry and state-farm undertakings progressed. The total output value realized by the province's agricultural and forestry departments was expected to reach 50 billion yuan, an increase of 22.5 percent over last year. Based on developing production, the peasants' livelihood continuously improved and their per capita income was expected to reach 680 yuan.

Prominent Progress Was Made in Farmland Construction

This year our province collected 220 million yuan of funds for farmland construction; 150 million man-days were taken for farmland capital construction; and projects involving 380 million cubic meters of earth and stone were completed, corresponding to the total construction volume during the Sixth 5-Year Plan period. More than 200,000 large and small runoff canals were developed, more than 70,000 drainage and irrigation projects of various categories were built or repaired, more than 1.4 million mu of terraced fields were developed and improved, more than 2.3 million mu of soil were ameliorated, and more than 4,000 km of small- and medium-sized river courses were harnessed. As a result, the basic conditions for agricultural production have improved to a certain degree.

Agricultural Production Was Developed in Reliance on Science and Technology

"The program for building 100 scientific and technological model villages, 20 scientific and technological model townships, and 3 scientific and technological model counties across the province," "the spark plan," and "the harvest plan" were popularized on a large scale.

Initial results were gained in this regard. More than 1,600 science professionals and technicians throughout the province went to the rural areas to comprehensively launch scientific experiment and demonstration activities and more than 1,120 technological findings and practical skills were transferred to experimental base centers. The total industrial and agricultural output value increased 3.3 billion yuan over the figure in the initial stage of the setup of the scientific and technological program. More than 800 million yuan of output value was added from popularizing more than 300 items covered in the "spark plan." A total of 2.9 million mu of farmland were covered in the provincial "harvest plan." The grain output increased 330,000 tons. A large number of high-yielding examples emerged. Meanwhile, the province scored better results in popularizing and applying such new technologies as high-speed fattening of livestock, intensive high-yielding aquatic production, and engineering afforestation. Scientific and technological service networks at the county, township, and village levels throughout the province have preliminarily taken shape. All this has helped lay a solid foundation for further developing agricultural science and technology.

Economic Structural Reform Was Deepened Continuously

On the premise of stabilizing and perfecting the contracted responsibility system on a household basis with payment linked to output, the province positively carried out intensive farming and developed farming of an appropriate scale according to actual conditions. More than 6.4 million mu of crops were cultivated under farming of an appropriate scale, accounting for 12 percent of the province's total farmland. The trend of developing specialized households and the new cooperative economy was good. The rural industrial structure has been readjusted in a reliable manner. According to calculations, the proportion of the secondary and tertiary industrial output value in the total rural output value increased from 58.5 percent in 1987 to 62 percent. The socialized service has further been developed and enhanced. More than 3,300 township-level service stations throughout the province have shifted their orientation onto the course of focusing on service with payment to be linked on the premise of assuming sole responsibility for their profits or losses. More than 143,000 service organizations and specialized service households throughout the province emerged.

Valuable experiences and results in many fields have been gained through the overall county-level structural reforms.

Notable Achievements in Supporting the Poor Were Seen Through Developing the "Three Areas in Liaoning"

Through the arduous efforts made by the vast number of cadres and the masses and the work groups in the "three areas in Liaoning" and the great support of various professions and trades, the commodity economy in the

eastern, western, and northern parts of Liaoning Province has developed in a comparatively rapid manner. The total industrial and agricultural output value in these areas was expected at 10.58 billion yuan, an increase of 12.9 percent over last year. The ratio between the primary industrial output value and the secondary and tertiary industrial output value was changed from 1 to 0.66 in 1985 to 1 to 0.89 in 1988. Of this, the proportion of the diversified economic output value in the total primary industrial output value accounted for more than 60 percent. Great changes have taken place in the 14 poverty-stricken counties in these three areas. The number of poor peasant households whose per capita income was fewer than 250 yuan was expected to drop from 800,000 in 1986 to 410,000 in 1988, registering a drop of 49 percent in 2 years.

Northwest Region

Gansu Secretary Cites Reform Requirements *HK0401082189 Lanzhou Gansu Provincial Service* *in Mandarin 0000 GMT 1 Jan 89*

[Text] Today is 1 January 1989, New Year's Day. In the New Year we will start a special program entitled "Reform and Me," jointly initiated by the provincial Planning Committee, the office for political structural reform of the provincial party committee, the provincial office for restructuring economic system, and this station. Before the program started our reporters interviewed Li Ziqi, secretary of the provincial party committee. He briefed them on the great achievements our province has made in reforms over the past decade and put forward some new demands and requirements on deepening the reforms. Here is a recording of his speech. [recorded passage indistinct]

Gansu Secretary Addresses New Year Tea Party *HK0401081589 Lanzhou Gansu Provincial Service* *in Mandarin 0000 GMT 1 Jan 89*

[Text] Yesterday afternoon the provincial party committee held a New Year tea party for democratic party and nonparty patriotic personages. More than 160 people attended the party. Li Ziqi, secretary of the provincial party committee, spoke at the party. He said: The achievements we have made in the past year are a result of implementing the party's basic line for the initial stage of socialism by the people of various nationalities in our province and their hard struggle and pioneering work. They are also a result of the common efforts of various democratic parties, nonparty patriotic personages, and our friends in various circles. In our reform and construction in the New Year we must lay stress on improving the economic environment and rectifying the economic order. We must put agricultural production, especially grain production, in an important strategic position and promote the development of rural work throughout the province.

Li Ziqi continued: In the New Year we must attach great importance to and vigorously develop educational and scientific and technological undertakings. We must continue to implement and perfect various forms of cooperation and political consultative systems under the Communist Party's leadership and increasingly absorb democratic and nonparty patriotic personages into participating in government affairs.

Some democratic party and nonparty patriotic personages, including (Han Tiecheng), (Kuang Fu), (Li Jingde), Zhu Xuanren, (Huang Honghui), (Li Zhengcai), Yan Shutang, (Qian Shaowen), and (You Zhongren), also spoke at the party.

Other leading comrades present were: Xu Feiqing, Jia Zhijie, Ge Shiyang, Lu Kejian, Yan Haiwang, Wang Zhanchang, (Li Dengying), Wang Bingxiang, (Luo Yukang), Zhang Wule, Lu Ming, (Zhu Yongqi), Huang Zhengqing, Jamyang Losang Jigme Tubdain Qoigyi Nyima, Ma Zhongyong, Gungtamchang, Danbei Wangxu, Qin Shiwei, and Cui Guoquan. Also present were veteran comrade (Li Cairu), (Guo Dashi), head of the provincial party committee's United Front Work Department, and other responsible persons from relevant departments.

Gansu Work Meeting Sets Forth Tasks for 1989
HK3112034188 Lanzhou Gansu Provincial Service
in Mandarin 0000 GMT 27 Dec 88

[Text] The 5-day Gansu provincial work planning meeting concluded in Lanzhou City yesterday afternoon. Thanks to joint efforts made by decisionmakers at various levels, a relatively realistic plan for Gansu's national economic and social development for 1989 was basically formulated.

The Gansu provincial work planning meeting opened on 22 December. During the meeting responsible persons of the various Gansu prefectures, autonomous prefectures, and cities; responsible comrades of the various commissions, departments, offices, and bureaus directly under the Gansu provincial people's government; and responsible comrades of the various institutions of higher learning and scientific research institutions gathered together and conscientiously discussed and formulated the plan for the provincial national economic and social development for 1989. They studied in great detail a number of questions regarding how to improve and strengthen macroeconomic regulation and control in the course of improving the economic environment and rectifying the economic order.

At yesterday's meeting Jia Zhijie, Gansu governor, made a concluding report. Li Ziqi, secretary of the Gansu Provincial CPC Committee, also made a speech.

In his concluding report Governor Jia Zhijie pointed out that the Gansu provincial economic work in 1989 will continue to center on improving the economic environment and rectifying the economic order. In the course of improving the economic environment and rectifying the economic order, relevant departments should make great efforts to keep in line with the CPC Central Committee and the State Council and guide Gansu's economy into a benign cycle through improving the economic environment and rectifying economic order. Efforts must also be made to combine stringency with flexibility, stabilize a basis, increase supply, take overall interests into consideration, grasp key issues, resolutely cut down on nonproductive construction projects, and restrain the growth of social groups' purchasing power and the expansion of consumption funds in the course of improving the economic environment and rectifying the economic order. If needed, it is necessary to sacrifice some local and partial interests in order to maintain overall initiative and protect overall interests.

In respect to agricultural production, Governor Jia Zhijie pointed out that it is necessary to keep on guard, keep sober-minded, and increase input in agriculture. The various departments of the Gansu provincial people's government should make unreserved efforts to strengthen agricultural production practically not only in words but also in deeds and enable the broad masses of the people to really understand that agriculture is the basis on which Gansu's economy develops.

In respect of industrial production, Governor Jia Zhijie demanded that the various areas of Gansu Province strengthen their production management, tactfully organize their industrial productions, set much store in the development of profit-making enterprises, guarantee the increase of effective supply, first of all satisfy the needs of the development of the enterprises and products that are capable of earning foreign exchange, and support the development of hi-tech enterprises.

Governor Jia Zhijie also expressed his views on a number of other questions, such as market arrangement, social development, in-depth reform, and so on.

In his speech, Li Ziqi, secretary of Gansu Provincial CPC Committee, stressed that the goal, tasks, and specific measures of the provincial economic work in 1989 should center on improving the economic environment and rectifying the economic order. Li Ziqi also pointed out that all the comrades must further heighten their consciousness and more resolutely implement the principles set forth by the 3rd Plenary Session of the 11th CPC Central Committee in the course of improving the economic environment and rectifying the economic order. It is necessary to maintain the good momentum of the provincial economy's sustained and steady development and do everything possible to increase effective supply in the province. All comrades must adhere to the criterion of productive forces and actively push ahead with and deepen the reform.

Li Ziqi also demanded that party organizations at various levels unconditionally obey and unreservedly carry out all the major decisions made by the central authorities, unite the people of all nationalities in Gansu Province to accomplish the various tasks put forward by the reform and economic construction, and further develop Gansu's good situation.

Qinghai Leaders Attend Armed Police Corps Meeting
HK0301143189 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 30 Dec 88

[Excerpts] On the afternoon of 30 December the Qinghai People's Armed Police Corps held a meeting to confer honorary medals for meritorious deeds to retired cadres of the armed police corps in our province. Provincial party, government, and army leaders, including Yin Kesheng, Ma Wanli, Liu Feng, Huanjue Cailang, Lu Baoyun, and (Tang Zhengwen), attended the meeting and had a group photo taken with the 12 retired cadres attending the medal-conferring ceremony.

The ceremony to confer medals was presided over by (Zhang Tianbo), commander of the People's Armed Police Corps. (Wan Jinyu), director of the provincial Public Security Bureau and first political commissar of the People's Armed Police Corps, read out the order of the People's Armed Police Corps to confer honorary Victory Medals to (Ding Peijun) and 11 other retired, old cadres. (Wang Guangwen), Commissar of the corps, spoke at the meeting. [passage omitted]

Qinghai Overfulfills Tax Collection Quota
HK0301140289 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 28 Dec 88

[Text] According to a report by correspondents Wu Qiong and Yuan Hong, the province's tax departments collected some 679 million yuan in taxes by 20 December, up 18.3 percent over the annual volume of tax revenues last year. The volume of industrial and commercial tax revenues was some 470 million yuan, with the tasks assigned by both the state and the province overfulfilled.

Since the beginning of this year tax departments at all levels in the province have worked in coordination with various measures of reform, persisted in collecting taxes in accordance with the law, strengthened economic control, firmly investigated and dealt with cases of evading taxes and refusing tax payments, and overfulfilled tax collection in an overall way, thus making contributions to relieving the financial strain in the province.

Senior Shaanxi Cadres Resign From Enterprises
HK0501054189 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0748 GMT 31 Dec 88

[Report: "A Number of Senior Officials in Shaanxi Resign Their Concurrent Jobs in Enterprises"—ZHONGGUO TONGXUN SHE headline]

[Text] Xian, 31 Dec (ZHONGGUO TONGXUN SHE)—It has been disclosed that as of last October, 18 senior officials from provincial level organs, including Li Qingwei, former Shaanxi governor; Zhang Bin, former vice governor; and officials in important positions like Yuan Zhengzhong, Xian mayor; and Wang Shijun, former People's Congress Standing Committee vice chairman, have given up their concurrent jobs in enterprises. Moreover, three officials from provincial level organs have resigned their government posts and have been transferred to enterprises. The problem of provincial officials taking up concurrent jobs in enterprises has been basically resolved.

This reporter has learned from a government source that through inspection it was discovered some time ago that after receiving business licenses, 13 companies under the provincial government have not begun business. They have ceased to exist except in name and some are nowhere to be found.

According to a preliminary list compiled by the province's company management organ the abovementioned 13 companies include "China's Kanghua Western Joint Company," "China's Township and Town Enterprise Development Corporation—Huaxi Company," "Shaanxi Provincial Manganese Ore Corporation," and so on. The provincial authorities have decided that, after further verification, this group of companies will either be written off or their licenses will be revoked.

It is learned after 4 months of investigation that the province's officials engaged in examining and reorganizing companies have basically clarified the general conditions and main problems regarding the registered companies of organs at the provincial level. Government-run enterprises have severed their links in turn with the government. Of the 55 administrative competent departments in the over 140 companies under the provincial government which engage in industry, building industry, commerce, finance, insurance, transport, post and telecommunications, and scientific and technological services, over 20 departments have submitted reports to the organ engaged in examining and reorganizing companies regarding the methods and results of their reorganization. The government is investigating and handling these problems.

Shaanxi's Zhang Boxing Conducts Survey Tour
*HK0301133789 Xian Shaanxi Provincial Service
in Mandarin 0500 GMT 29 Dec 88*

[Text] SHAANXI RIBAO reports: Shaanxi CPC Secretary Zhang Boxing recently conducted a 7-day survey on matters concerning party building in Baoji. He stressed that party committees at all levels should boldly explore party building work in the new historical period. [passage indistinct]

Zhang Boxing arrived in Baoji on 12 December, with light luggage. Having listened to reports from the city party committee and government, as well as relevant departments under city authorities, he went on a 7-day survey tour, focusing on party building; and on 5 enterprises, including Baoji Bridge Precasting Works, Qinchuan Machine-Building Plant, Shaanxi Machine-Tool Plant, and Baoji Vehicle Manufacturing Factory, and Baoji Ethyl Alcohol Works in the city; as well as 5 counties and districts including Longxian, Qiangyang, Baoji, (Neibin), and (Xintai.) He also called on some retired cadres at the city and bureau level to solicit their suggestions on party building work. He called discussion meetings with cadres from city organs to listen to their opinions extensively.

In his survey Zhang Boxing stressed repeatedly that party building work should be grasped by the first responsible person of the party committee. Party building work should be grasped in the following aspects: First, ideological construction. The key lies in educating party members, in the pioneering role of the 1.5 million party members. Second, institutional building. For example, it is necessary to implement control by objective in party building work, the system of activity days for party members, the system of checking and keeping attendance records, and so on and so forth, to implement the strict administration of party organizations on the strength of institutions. Third, organizational construction. Regarding those party members who are not up to the criteria for membership, the key is to strengthen education. When education is conducted, those who have improved themselves and are up to the criteria will continue their party membership, otherwise, they will be dealt with firmly. Fourth, party style building. The focus is on bringing forward the major styles of linking theory with practice, establishing close ties with the masses, and practising criticism and self-criticism. And fifth, the building of leading bodies. The leading bodies at provincial, city, and county levels should support each other, and show understanding for each other. They should unite as one to do a good job in their work.

Shaanxi Procuratorial Work Conference Concludes
*HK0301135189 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 29 Dec 88*

[Text] Report by service's reporter Liu Xiaopeng: The provincial procuratorial work conference which concluded yesterday announced that next year's procuratorial work will focus on combating corruption and bribery

as the top priority in the crackdown on economic crimes. The conference held that illegal and criminal economic activities in the province, corruption and bribery in particular, have been very serious this year. Cases of economic crimes investigated by the province's procuratorial departments accounted for 63.9 percent of all criminal cases between January and October this year. Clues in cases in this category reported by the masses had also increased by a wide margin. The sums of money involved in such cases had grown increasingly larger, and the methods all the more subtle. The conference required all cadres and policemen in the procuratorial system to have a clear understanding of the grave danger and harm caused by corruption and bribery, to establish faith, and to amass their strength to do a good job in the fight against them. It is necessary to firmly grasp the investigation and handling of major cases, while regarding it as a breakthrough in promoting the work as a whole, so that the central strategic requirement to cut back cases of corruption and bribery to the minimum may be accomplished.

The conference also summed up and exchanged experiences in the province's procuratorial work in the 10 years since it was restored, and commended a number of advanced collectives and individuals.

Dong Jichang, provincial CPC deputy secretary, attended the conference and delivered a speech yesterday. Also attending the conference was Wei Minghai, a provincial People's Congress Standing Committee member.

Shaanxi Celebrates Start of New TV Channel
*HK0301143989 Xian Shaanxi Provincial Service
in Mandarin 0500 GMT 2 Jan 89*

[Excerpt] To celebrate the start of the broadcasting of a second channel of the Shaanxi Television Station and the broadcasting of an FM stereo program prepared by the Shaanxi People's Radio Station, last night the two stations jointly sponsored an evening of entertainment with attractive theatrical performances. [passage omitted]

Attending were Hou Zongbin, Zhang Ze, Li Xipu, Zhang Bin, Xu Shanlin, Sun Daren, An Qiyuan, and other leaders of the provincial and Xian City authorities.

On behalf of the provincial party committee and government, Governor Hou Zongbin extended best regards to the people of the whole province, wished them a happy New Year, and congratulated the start of the two programs' broadcasting. Hou Zongbin pointed out: Radio and television are an indispensable part of peoples' lives. I hope the two programs will please them, serve as a medium for publicizing the party's basic line, respond to government policies and voice the aspirations of the people, and play a major role in exercising media supervision.

Heroin Syndicate Broken Up in Shaanxi
HK0301154389 Beijing CHINA DAILY in English
3 Jan 89 p 3

[Text] A major drug case involving about 160 people is being pursued in Baoji City, Shaanxi Province.

More than 7,000 grams of heroin, worth more than 700,000 yuan, were seized and at least nine people have been arrested and five others detained, SHAANXI DAILY reported.

The paper said the heroin came from Minxian County, Gansu Province in northwest China to Baoji, 300 kilometres east of Minxian.

More than 160 people, including several State employees working in the local juridical or tax department, were found to be connected with the illegal sale.

The paper said police found 12 secret places used by the traffickers for making and selling the drug, but did not mention where the material for making heroin came from.

Problems Reported in Xinjiang Supply, Demand
HK0301032989 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 29 Dec 88

[Text] The year 1988 is drawing to a close. How has the market situation in the region been this year? A report filed by a station reporter points out that the region's sales volume has increased but the contradiction between gross social supply and demand still remains acute. This year the region has registered a commercial sales volume totaling 5.4 billion yuan as well as taxes and profits of 328 million yuan, the highest records in history. There have been occasional market fluctuations in the region, but on the whole the market has thrived.

The increase in the sales volume has been the result of the following two points: First, commercial enterprises in the region have further deepened their reform and brought their employees' initiative into play. According to an estimation, 215 large and medium-sized enterprises in the region are operating under the contract system, 74 percent of the total number of large and medium-sized enterprises throughout the region. With regard to small commercial enterprises, 2046 of them are undertaken by contract, 72.8 percent of the total. Second, enterprises have been able to improve their economic results. During the wave of panic buying in July and August, some shops were able to fulfill the annual tasks set by the contracts. Many shops took advantage of the panic buying to sell their slow-selling goods that had been in stock for years.

Main problems in the market this year are as follows: First, social demand has been too excessive, thus leading to a big gap between gross social demand and supply. Second, the variety of products has not increased and

there has been a drop in the reserve of goods in some commercial departments, thus giving rise to the shortage of some daily necessities. Third, departments in charge of commerce are lacking effective macro-regulatory means to control prices and stabilize the market, thus affecting the normal market order in the region.

Xinjiang Secretary Addresses New Year Forum
HK0401070789 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 31 Dec 88

[Excerpts] This morning the regional party committee, [words indistinct] responsible persons of democratic parties, nonparty patriotic personages, and representatives of ethnic and religious circles held a New Year forum to discuss major matters in the autonomous region. On behalf of the regional party committee, regional CPC Secretary Song Hanliang extended cordial festival greetings and best wishes to the participants and nonparty personages throughout Xinjiang.

After reviewing the region's work in 1988 and the current situation, Comrade Song Hanliang said: Our region has scored good successes in all fields of work in 1988. This is inseparable from the efforts of all democratic parties and nonparty personages in our region. Especially since the 3d Plenary Session of the 13th CPC Central Committee put forward the task of improving the economic environment, rectifying economic order, and deepening reform in an overall way, the democratic parties and nonparty personages in our region have been very much concerned with this. They have put forward many good proposals and raised many important views on the problems existing in our work. The regional party committee heartily thanks the democratic parties and nonparty personages for their vigorous support in the work of the region.

Comrade Song Hanliang also talked about the region's work arrangements for 1989. He said: The development of all undertakings in the autonomous region depends on the leadership of the communist party and on the coordination and support of the people of all nationalities and all people inside and outside the party. He hoped that in the New Year, all the democratic parties and nonparty personages would continuously make contributions to socialist modernization, the development of socialist democracy, and the promotion of the peaceful reunification of the motherland; play their role in carrying out democratic supervision, promoting nationalities solidarity, and instituting clean and honest government; exert themselves in importing technology, capital, and talented people, training specialized technical personnel from all nationalities, offering scientific and technological consultancy, and developing social undertakings; carry forward the traditions of sharing weal and woe, honor and disgrace and of helping each other; and have a clear understanding of our region's present difficulties and do a good job of economic construction and the building of spiritual civilization in our region. [passage omitted]

Tomur Dawamat, Janabil, Amdun Niyaz, and others attended the New Year forum.

Xinjiang's Textile Industry Development Reviewed
HK0501023889 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 3 Jan 89

["News roundup" by station correspondent Wang Dong:
"Achievements and Problems in the Cotton Textile
Industry of Our Region"]

[Excerpts] In early 1988 the regional government decided to develop vigorously the cotton textile industry as one of our region's three major industries. To encourage development of the cotton textile industry and earn more foreign exchange by exporting new cotton textile items, the regional government decided that cotton textile mills could enjoy preferential tax treatment and favorable loans. This has aroused the enthusiasm of various sectors to develop the cotton textile industry. In the past year many local enterprises regarded the development of the cotton textile industry as a faster way of driving off poverty and becoming rich and reinvigorating the economy. They adopted many effective measures to develop vigorously the cotton textile industry. So far

there are plans to build 68 cotton textile projects and 34 plans have been approved. By the end of 1988 there was an increase of 40,000 spindles in cotton textile mills throughout the region. [passage omitted]

In 1988 regional cotton textile mills turned over a total of over 110 million yuan in profits and taxes to the state, an increase of 41.13 over the previous year.

Authoritative sources pointed out: Our region has achieved satisfactory results in developing the cotton textile industry. However, satisfactory results are mixed with some problems. The main problem is that there are too many projects outside the state plans and the scale of cotton textile mills is too small. The state stipulates that a cotton textile mill must have 30,000 spindles but 14 cotton textile mills which are applying for licenses only have 5,000 spindles. Furthermore, some local authorities have blindly developed the cotton textile industry disregarding the lack of material resources, power, technology, transportation and markets. Meanwhile, backward equipment and a shortage of technical personnel are also the main obstacles to the development of our region's cotton textile industry.

Commentary Views 'Both Are China' Principle
HK0401065589 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1422 GMT 2 Jan 89

[Commentary: "In Which Direction Will the Idea 'Both Are China' Push Taiwan"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 2 Jan (ZHONGGUO TONGXUN SHE)—At a time when the Taiwan authorities are actively pursuing "elastic diplomacy" and "expanding brand-new foreign relations," Kao Yu-shu, a councillor of the Taiwan Executive Yuan and former minister of communications, has published in a Taiwan newspaper a long essay entitled: "A Discussion of the Solution to the China Issue: The Basic Principle, Both Are China."

The article states: The slogan "only we are China," constantly maintained by the Taiwan authorities, "has long been discarded by the international community." So, in which direction should Taiwan go? The idea of "Taiwan independence" "will be flatly rejected by the CPC," and will even "give the CPC an excuse to resort to armed force to solve this issue." "In the present situation, it seems that the separatist idea of Taiwan independence is not feasible." The article then dishes out a solution: Taiwan should announce to the world: "We are China, the mainland is also China, and both are China." Then, the country can "be governed by being divided into two parts." The article also proposes that the Taiwan authorities not maintain that "only we are China" and not admit that "Taiwan is part of China" either.

The article states: The idea that "both are China" is not equivalent to the concept of "two Chinas," because neither side is willing to give up the aim of reunification. However, because the process of reunification is full of difficulties, the aim "may be realized in 100 years' time." In this long process, Taiwan "is likely to win friendship with most countries and even restore diplomatic relations very quickly."

Recently, public opinion in Taiwan has pointed out that "many facts, including the 'elastic diplomacy' and 'dual recognition' actively pursued by the Taiwan authorities, indicate that the Kuomintang [KMT] is now seriously considering the issue of sovereignty 'independently of the PRC.'" Now, a councillor of the Executive Yuan has even openly proposed the concept of "both are China" and the idea of "governing the country by dividing it into two parts." Although he defended himself by denying that he was advocating the concept of "two Chinas," his proposal was by no means one for maintaining the position of "one China." So, people cannot but pay close attention to the question of the direction in which the person who put forward the proposal and his supporters are trying to push Taiwan. Recently, the CPC made successive criticisms of the attempts of some people in

Taiwan to maintain the divided condition of the country for a long time and even to give up the position of "one China." It seems that such criticisms are not irrelevant.

'Readjustment' of KMT Mainland Policy Viewed
OW0401114989 Beijing LIAOWANG in Chinese
No 52, 26 Dec 88 pp 10-11

[Article by Guo Xiangzhi (6753 4161 2655), assistant researcher of the Taiwan Institute of the Chinese Academy of Social Sciences]

[Text] Highlights: In the past 10 years, the Kuomintang [KMT] has gradually readjusted its mainland policy. This readjustment took place in three phases, i.e., the negative opposition phase, the phase of discussing changes, and the phase of limited openness. The features of the readjustment are that it is limited, carefully selected, and passively carried out step-by-step. In general, the readjustment has a positive significance, and is conducive to easing the relations between the two shores and to the peaceful reunification of the motherland.

Changes in the relations between the two shores have been encouraging in the past 10 years. Indirect trade has expanded continuously, family visits are in full swing, interest in investment has just been aroused, and cultural and academic exchanges are being carried out more extensively. At the same time, some adverse factors have cropped up amid the development of the relations between the two shores. The current situation is still quite complicated, and the relations will stagger forward while overcoming various forms of resistance. [end of Highlights]

The past 10 years, since the NPC Standing Committee issued "An Open Letter to Taiwan Compatriots" on 1 January 1979, has been an important period in which changes with turning-point significance have taken place concerning the situation in the strait. Facing the development of the situation in the mainland, the United States, and on the island, the KMT has made some important readjustments and changes in handling the relations between the two shores, and in its policy on the motherland's reunification. Thirty years ago, the KMT adopted a so-called national policy of anticommunism and recovering the nation, and serious military and political confrontation became the basic feature of its mainland policy in that period. In the past 10 years, the KMT has begun to implement a policy of easing its relations with and partially opening itself to the mainland. Especially in his later years, Mr Chiang Ching-kuo began to feel that times had changed, the tide had changed, the situation had changed, and so the KMT also had to change its way of thinking and doing things. As a result, the KMT gradually readjusted its mainland policy, which has played a role in changing the relations between the two shores. This deserves our approval.

The Process and Features of the Readjustment

Generally speaking, readjustment of the KMT's mainland policy in the past 10 years was carried out in the following three phases:

—The 2 years after the issuance of "An Open Letter to Taiwan Compatriots" by the NPC Standing Committee was a period of negative opposition. In this period, the KMT adopted a stubborn and rigid stance, putting forward the "no contacts, no negotiations, and no compromises" policy as a response to the open letter, strictly prohibiting discussion on reunification, which was regarded as a political taboo; and rebutting advocacy of "no harm in trying to negotiate." On the other hand, it took some measures to ease tensions across the strait and brought a reciprocal halt to shelling the mainland.

—The 5 years-plus period from the convening of the 12th KMT National Congress in March 1981 to the holding of the 3d Plenary Session of the 12th KMT Central Committee in March 1986 was a period of discussing changes in its mainland policy. In this period, although the KMT's basic stance did not change, some delicate changes began to take place in the KMT's attitude and way of handling things. These changes were mainly demonstrated by the following facts: In reviewing the situation on and outside the island, the KMT firmly believed that exercising sovereignty over a part of the country would not guarantee its security, and that a split was bound to bring about destruction; it shifted its policy of anticommunism and recovering the nation, putting forward the principal slogan, with some flexibility, of "Unifying China under the Three Principles of the People," and stating that peaceful reunification of China is a common wish of all Chinese people. While insisting on its "Three No's" policy, it began to relax its propaganda toward the mainland and on its control over media discussion of peaceful reunification; some official and quasi-official newspapers in Taiwan began to discuss ways and conditions of reunification, and put forward some suggestions on this subject. At the same time, the KMT gradually began to ease restrictions on indirect trade and cultural and academic exchanges between people on the two shores. As a result, relations between the two shores have begun to show sign of relaxation, contacts between people of both sides have become more frequent, and indirect trade has developed gradually.

—The 2 years-plus since the holding of the 3d Plenary Session of the 12th KMT Central Committee in March 1986 has been a period of limited openness. During this period, the KMT authorities, under various pressures from inside and outside the island, have begun to adopt more liberal ways of doing things. While they have gradually readjusted their internal ruling system, they have adopted a more positive, flexible, and decisive manner in handling the relations

between the two shores. These changes are mainly demonstrated by the following facts: The Taiwan authorities have signs of easing and revising its "Three No's" policy within certain limits. Especially since martial law in Taiwan was lifted in July 1987, the Taiwan authorities have partially eased restrictions on the Taiwan people's entering and exiting the island, and, for the first time in 8 years, have allowed Taiwan people to go to Hong Kong as the first stop of their overseas sightseeing tour. Not long after that, the Taiwan authorities announced that, beginning 2 November 1987, Taiwan residents, with the exception of active duty military personnel and government employees, were allowed to go via a third country or region to visit their relatives in the mainland. The Taiwan authorities have partially relaxed restrictions on importing some mainland publications; allowed Taiwan's academic institutions to import mainland academic and literary works; allowed Taiwan's publishers to import mainland scientific, technical, literary, historical, and other non-political books and periodicals through a third region; and, after government examination, allowed them to reprint these books and periodicals in the original complex form of Chinese characters and publish them in Taiwan. The Taiwan authorities have allowed import of some kinds of videotapes on mainland scenery and cultural relics. The 13th KMT National Congress held in July 1988 outlined for the first time the current KMT policy toward the mainland, making public and legal the past contacts between the two shores which had been covertly carried out but not spoken of. The congress also further relaxed restrictions on some areas of contacts between people on both sides. The steps taken included: allowing mainland compatriots to attend funerals in Taiwan and to visit their ill relatives on the island; allowing more mainland agricultural products and industrial raw materials to be imported to Taiwan; allowing Taiwan businessmen to invest in the mainland through a third region; and allowing people of Taiwan's academic, cultural, and sports circles to take part in non-governmental activities sponsored in the mainland by international organizations. In addition, the congress considered allowing government employees who do not share government secrets to visit their relatives on the mainland, and allowing influential scholars and overseas students of the mainland to visit Taiwan.

From the aforementioned readjustments of the KMT's mainland policy in the past 10 years, we can see the following features:

—The readjustments are limited. That is, these readjustments have been carried out without public renouncement of the so-called "Three No's" policy by the KMT. So far, these readjustments have been carried out on a limited scale, a people-to-people basis, and been of a one-way and indirect nature.

—The readjustments are carefully selected. The steps taken in the last few years were designed to begin from areas that did not seriously affect the KMT's survival and security. These areas include indirect trade, people's visits to their relatives, and cultural and sports exchanges.

- The readjustment were carried out step by step. The way the KMT has moved in the last few years has basically been an attitude of taking a step forward and watching for the next step. It has proceeded from areas with fewer implications to ones with greater implications; from economics, culture and sports to the political realm; and from a one-way nature to a two-way nature.
- The readjustments were passive. The KMT's readjustments of its mainland policy were mainly passive ones that the KMT was forced to make under pressures from inside and outside the island, particularly changes in the situation in the mainland, the United States, and the island. This passiveness has given the readjustments a degree of instability and shortage of farsightedness. So far, the KMT has been unable to put forward a clearly-defined, farsighted mainland policy.

Nevertheless, the KMT's readjustment of its mainland policy is not without positive significance. The readjustment is conducive to improving the relations between the two shores and to the motherland's peaceful reunification. This is the main trend of current developments in the situation concerning the strait.

The Gratifying Changes in the Relations Between the Two Sides of the Taiwan Strait

Relations between Taiwan and its motherland, the mainland, have undergone eye-catching changes in the last decade, thanks to the joint efforts made by the people throughout the country, including the Taiwan compatriots. The state of affairs in which the two sides were artificially cut off for many years is changing, and efforts are being made to open channels for normal exchanges between compatriots on the two sides. The entire situation is gradually developing in the direction conducive to removing animosity, increasing mutual and common understanding, and promoting reunification. A new situation is taking shape in which a "mainland fever" on Taiwan and a "Taiwan fever" on the mainland are interacting and moving forward together. The new situation manifests itself more prominently in the following areas:

- Indirect trade has continued to expand. Statistics show that between 1979 and 1987 indirect trade via Hong Kong between the two sides of the Taiwan Strait rose from less than \$50 million to \$1,520 million, an increase of nearly 30 times. Today the trade between the two sides is developing from indirect to direct trade.
- Visiting relatives on the mainland is increasingly popular among the Taiwan compatriots. Statistics compiled by Taiwan's "Interior Ministry" show that between 2 November 1987, the day when the ban was lifted to allow Taiwan compatriots to visit their relatives on the mainland, and 2 November 1988 some 248,000 people in Taiwan registered for visits to the

mainland and some 244,000 actually went. According to statistics compiled by departments concerned on the mainland, more than 330,000 Taiwan compatriots had returned to the mainland for family reunions or sightseeing by the end of October 1988. Taiwan media have repeatedly called recently for allowing public employees and education personnel to visit the mainland to see their relatives. At the same time, people of Taiwan origin living on the mainland are also demanding that the Taiwan authorities lift the restriction and allow them to visit their native places for family reunions.

- An upsurge in mainland investment is occurring. Among the vast numbers of Taiwan compatriots supposedly visiting the mainland for family reunions, according to reports, many have actually gone in order to study the possibility of investing and establishing factories. Today, under the impact of the appreciation of the new Taiwan dollar and the trade protectionism of the United States and other developed Western countries, the call for allowing Taiwan enterprises to invest in the mainland has become louder and louder. To safeguard the legitimate rights and interests of Taiwan investors, the State Council enacted the "Regulations on Encouraging Investment by Taiwan Compatriots," which took effect on 2 July 1988.

- Cultural and academic exchanges have been increasing. According to reports, more than 1,000 mainland academic, literary, and art works totaling more than more than 500,000 copies have been published in Taiwan in recent years. Today dozens of Taiwan publishers are negotiating business deals with mainland publishing departments. At the same time, large volumes of Taiwan's academic works and literature have also been published in the mainland.

Academic research on the mainland by Taiwan scholars plays an important role in stirring up the mainland fever. Taiwan scholars attach great importance to the study of mainland political, economic, cultural, social, and legal aspects and their research is progressing with great momentum. Reports on related seminars and symposiums have been carried in the newspapers and periodicals almost every week. On the mainland, Xiamen University and the Chinese Academy of Social Sciences have set up their respective Taiwan research institutes, and other social science institutions and institutes of higher learning have also established research offices and groups to study relevant Taiwan issues. Understanding and knowing Taiwan has become a popular topic on the mainland. In August 1988 the Taiwan Research Society, a nationwide nongovernmental research organization aimed at studying Taiwan and promoting academic exchanges between the two sides, was inaugurated in Beijing. Today direct academic exchanges between the two sides are just beginning. For example, Taiwan's "Academia Sinica" sent delegates to Beijing last September to attend the International Science Conference in the name of a "nongovernmental academic organization."

Overcoming Obstacles To Move Forward

It should be pointed out that as relations between the two sides of the Taiwan Strait develop, a number of negative

factors are also arising and things are still very complicated. Out of their practical interests and strategic needs in Taiwan, a number of foreign forces are still unwilling to see an all-around improvement of the relations between the two sides of the Taiwan Strait. At every critical moment when relations between the two sides are moving toward reconciliation, they will either openly or secretly try to create obstacles or interfere in an attempt to influence the development of the situation in the Taiwan Strait in order to achieve their goal of controlling Taiwan permanently. On the island of Taiwan there are also an extremely small number of people who advocate splittism and engage in instigations for "Taiwan independence," disregarding the national interests. To meet the political needs of certain foreign forces, they advocate the "theory of undefined sovereignty of Taiwan" and use it as a theoretical basis against reunification and for creating divisiveness. Although their number is limited, their influence in Taiwan cannot be ignored. In the meantime, although the Kuomintang authorities have gradually liberalized relations with the mainland, they have thus far upheld an "anticommunism and no negotiations" stand. They tried to artificially create "a sense of treating the mainland as an enemy" and to put off the settlement of the Taiwan issue under various excuses in an attempt to prolong the country's division. Particularly since the death of Chiang Ching-kuo, in order to make what they called "a breakthrough in the diplomatic predicament," the Kuomintang authorities have openly pursued a so-called a "flexible foreign policy" of "double recognition" to create a fait accompli of "two Chinas" in the world.

Of course it should also be pointed out that opposition to the development mentioned above and the rise of a patriotic and reunification trend on the island are similarly eye-catching. More and more people of vision have become aware that both sides of the Taiwan Strait will benefit from reunion and suffer from division, and that the future of Taiwan lies in the country's reunification and national unity. They are opposed to Taiwan's independence and the prolonged division of the country. They demand an all-around improvement of the relations between the two sides and call for an early end to the artificial division of the country. They expressed strong displeasure at the Kuomintang authorities for continuing the policy of hostility against the mainland and for upholding the "policy of no contact, no negotiations, and no compromise," demanding the authorities to revise this "Three No's" policy and work out a mainland policy that is "farsighted, open, practical, and feasible." They have also overcome all kinds of obstacles to put forward various constructive proposals. Recently Taiwan's "National Assembly Constitutional Government Research Council" passed another resolution demanding that the authorities replace the "Three No's" policy with a "three-peace" policy of "peaceful coexistence, peaceful competition, and peaceful reunification" in order to cope with the interactive relations between the two sides in a more flexible way.

The interaction of the many complicated factors discussed above suggests that the development of the relations between the two sides obviously will not be plain sailing. However, one point is quite clear, that is, going backward is against the wishes of all Chinese people and has no future in itself. The relations between the two sides will break through various obstacles and advance in twists and turns.

More on Beijing Forum on Message Anniversary
OW0501075089 Beijing in Mandarin to Taiwan
1500 GMT 30 Dec 88

[Excerpts] The General Office of the NPC Standing Committee held a forum at the Great Hall of the People in Beijing in the afternoon of 30 December 1988 to mark the 10th anniversary of the message sent by the NPC Standing Committee to the compatriots in Taiwan. More than 300 people from all circles in Beijing attended the forum.

Peng Chong, vice chairman of the NPC Standing Committee, presided over the forum. He said:

[Begin recording] The 1 billion people of various nationalities on the mainland miss the Taiwan compatriots, who have been separated from the people on the mainland for many years, especially now as we ring out the old year and ring in the new. On behalf of the NPC Standing Committee, I extend festive greetings and warm regards to the 20 million Taiwan compatriots. [Applause] The purpose of this forum today is (?to review) the development of relations between both sides of the strait in recent years, to look into the bright prospects for peaceful reunification of the motherland, and to further expound our position and views on solving the Taiwan issue so as to promote peaceful reunification. [end recording]

Wu Xueqian, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, addressed the forum on behalf of the CPC Central Committee and the State Council. [passage omitted]

Those who addressed the forum included Zhu Xuefan, vice chairman of the NPC Standing Committee and chairman of the Central Committee of the Kuomintang Revolutionary Committee; Rong Yiren, vice chairman of the NPC Standing Committee and chairman of the All-China Federation of Industry and Commerce; Qian Weichang, vice chairman of the CPPCC National Committee and vice chairman of the Central Committee of the China Democratic League; Sun Xiaocun, vice chairman of the CPPCC National Committee and chairman of the (?Consultative Committee) of the Central Committee of the China Democratic National Construction Association; Lu Jiaxi, vice chairman of the CPPCC National Committee and chairman of the Central Committee of the Chinese Peasants and Workers Democratic

Party; Sun Yueqi, chairman of the Supervisory Committee of the Central Committee of the Kuomintang Revolutionary Committee; Cai Zimin, chairman of the Central Committee of the General Office of the Taiwan Democratic Self-Government League; Fu Xuewen, vice chairman of the Supervisory Committee of the Central Committee of the Kuomintang Revolutionary Committee and wife of Mr Shao Lizi; Lin Liyun, chairman of the All-China Association of Taiwan Compatriots; and Ying Luocheng, vice minister of culture.

Attending the forum were leading comrades of the CPC Central Committee, the NPC Standing Committee, the State Council, and the CPPCC National Committee; responsible persons of democratic parties and mass organizations; and noted personages and friends of various circles in the capital.

Beijing Organizations Call for Reunification

HK0401110889 Beijing ZHONGGUO XINWEN SHE
in Chinese 0916 GMT 30 Dec 88

["Organizations of Taiwan Compatriots in Beijing Hold Forum to Mark the 10th Anniversary of the 'Message to Taiwan Compatriots'"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 30 Dec (ZHONGGUO XINWEN SHE)—The five organizations of Taiwan compatriots in Beijing today held a forum to mark the 10th anniversary of the issuance of the "Message to Taiwan Compatriots" by the NPC Standing Committee.

At the meeting, Lin Liyun, president of the All-China Federation of Taiwan Compatriots, said: In the past 10 years, people from all walks of life in Taiwan have made unremitting efforts to improve relations between the two sides of the strait. In particular, in the past year a large number of Taiwan compatriots crossed the strait, came to the mainland, and were warmly received on the mainland. Through extensive contacts and exchanges, compatriots on both sides have increased mutual understanding, overcome feelings of estrangement, and achieved more common ideas. This demonstrates a strong rallying force of the Chinese nation. Lin Liyun expressed the hope that the people in various social circles in Taiwan will be more enthusiastic about promoting the reunification of the motherland.

Wu Ketai, presidium member of the Taiwan Democratic Self-Government League, said: Since the "Message to Taiwan Compatriots" was published, the boom of guns has not been heard any more between the two sides of the strait. The situation has greatly relaxed, and relations between the two sides have improved increasingly. However, some people in Taiwan still stick to the "Three-No's" policy under the pretext of "security considerations," "united front conspiracy," and "maintaining distance from the enemy." This policy has brought pains to the Taiwan compatriots now living on the mainland, because they remain separated from their relatives in

Taiwan and cannot return to their homes in Taiwan. This is a violation of the humanitarian principles specified by the UN Human Rights Declaration. He expressed respects and gratitude to the people in various circles in Taiwan, including those among the Taiwan authorities, who have made efforts to give Taiwan compatriots on the mainland the right to return to Taiwan to visit their relatives.

Wu Guozhen, representative of the Taiwan Fellow-Students Association; Chen Zhongyi, chairman of the Beijing Municipal Committee of the Taiwan Democratic Self-Government League; and Jiang Nong, vice chairman of the Beijing Municipal Branch of the All-China Federation of Taiwan Compatriots, delivered speeches. Today's forum was chaired by Cai Zimin, chairman of the Presidium of the Central Committee of the Taiwan Democratic and Self-Government League.

Minister Interviewed on Taiwan Postal Links

OW0101143289 Beijing Domestic Service
in Mandarin 1030 GMT 29 Dec 88

[From the "National Hookup" program]

[Text] With 1989 approaching, that is, as we are about to mark the 10th anniversary of the NPC Standing Committee's Message to the Compatriots in Taiwan, our station reporter has called on Yang Taifang, the minister of posts and communications. The following is a recorded report of his interview.

[Begin recording] [Reporter] Minister Yang, the compatriots on both sides of the Taiwan Strait are concerned about the situation regarding the exchange of mail between the mainland and Taiwan. Please explain the situation in this regard.

[Yang] Sure. According to statistics, the number of letters mailed from Taiwan to the mainland had reached 1.3 million as of the end of October 1988, while that from the mainland to Taiwan also exceeded 1 million. During the first half of 1979, we already accepted ordinary and registered mail from the mainland to Taiwan, and tried to establish telegraph and telephone links with Taiwan on an experimental basis. Beginning in April 1988 the postal department in Taiwan started to accept mail from Taiwan to the mainland. Thus the compatriots on both sides of the strait, who had been separated for 40 years, were able to resume correspondence. In this connection, both sides of the strait have made contributions.

In the new year we sincerely hope that the compatriots of the postal service in Taiwan will study and find a normal channel for direct mail and communications between the compatriots on both sides of the strait. The compatriots in the postal and communications field in Taiwan are welcome to visit their relatives and tour various localities on the mainland.

A nationwide philatelic exhibition will be held in Beijing in mid-April next year. Stamp collectors in Taiwan are welcome to come to Beijing to see the stamps on display.

[Reporter] Thank you. [end recording]

Mainland Students Discuss Visit to Taiwan
HK0501041889 Beijing ZHONGGUO XINWEN SHE
in Chinese 1442 GMT 30 Dec 88

[Report by correspondent Li Linlin (2621 2651 2651):
"First Group of Mainland Students Visiting Taiwan
Says Blood Is Thicker Than Water"—ZHONGGUO
XINWEN SHE headline]

[Text] Tokyo, 30 Dec (ZHONGGUO XINWEN SHE)—
The first group of five Chinese mainland students studying in the United States have ended their visit to Taiwan. Four of them, namely, Qian Yingyi, Xu Chenggang, Wu Mouren, and Bei Minxin, arrived in Tokyo last night; Xu Bangtai returned to the United States directly from Taiwan by plane.

Despite the fatigue of the trip, Qian Yingyi and the others were very excited. In an interview at the airport with reporters from the Chinese mainland, Taiwan, and Japan, they said that they had been accorded an extremely enthusiastic reception from people of all walks of life in Taiwan. Wherever they went, many people voluntarily said hello to them and, in the hotels where they were staying, there were fruits and fresh flowers every day sent by people who did not leave their names. During their visit to Taichung, a Taiwan compatriot, whom they had never met before, hearing that one of them was ill, made a special phone call from Taipei to recommend a prescription, saying that the medicine should be taken according to his method. His attitude was extremely touching.

Qian Yingyi and others said that what had surprised them most during this trip was the fact that, although the two sides of the strait had been estranged for 4 decades, blood is nevertheless thicker than water. All people, whether from other provinces or from Taiwan, have a profound feeling of nationalism.

They said: Those we have come into contact with in Taiwan have expressed their strong desire to have exchanges with the mainland. Academics and professors

want to visit the mainland, businessmen want to understand the investment environment on the mainland, and young people are also increasingly concerned about the mainland. According to their observations, however, Taiwan people, including many of those with a relatively higher education level, still have a very insufficient understanding of the mainland, and their understanding about the mainland still remains at the stage before the mainland opened up to the outside world.

They said that, during their stay in Taiwan, the media reported liberally about them. The fact that as many as 100 reporters covered their activities every day shows the concern of the people from all walks of life in Taiwan about their visit. The acute competition in Taiwan's press circles has also left a deep impression on them, although, in some of the reports about them, there were often cases of remarks being quoted out of context and even pure fabrication. In the news conference held before they left Taiwan, they made a pertinent criticism about this to the press circles.

When a Japanese reporter asked whether they wanted to go to Taiwan again, Qian Yingyi said: "We want to go. If we go to Taiwan again, we will certainly want to enjoy ourselves. It is regrettable that we did not have time to have fun this time."

Taiwan Red Cross Sends Relief Money to Yunnan
HK0401034989 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0915 GMT 1 Jan 89

["Taiwan Red Cross Sends Donations to Help Earthquake-Stricken People in Yunnan"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 1 Jan (ZHONGGUO TONGXUN SHE)—According to a report from Taipei, by 31 December, the Taiwan Red Cross had received more than 47 million new Taiwan [NT] dollars in donations to relieve the earthquake-stricken people in Yunnan Province.

Chang Sung-mao, vice secretary general of the Taiwan Red Cross, said yesterday that the first relief donations, totaling NT\$1 million, had been remitted to Yunnan, and the second amount, about NT\$18 million, will be remitted on 4 January. The accurate figure will be ascertained the day the remittance is made.

In addition, the Red Cross also received 30,000 kg of donated rice and a quantity of medicine valued at NT\$5 million.

KMT Official on Failure of Beijing 'Tricks'
*OW0501040389 Taipei CNA in English 0256 GMT
5 Jan 89*

[Text] Taipei, Jan. 5 (CNA)—An increasing insistence by mainland people on freedom and democracy, a general dissatisfaction with the Red regime's policies, and serious economic, agricultural and social problems have resulted in the failure of the Chinese Communists' united front tricks toward Taiwan, a senior Kuomintang [KMT] official said Wednesday.

Hsiao Chang-lo, director of the KMT Department of Mainland Operations, made his remarks on the latest situation on the Chinese mainland at the weekly meeting of the KMT Central Standing Committee.

Hsiao pointed out that, in a review of Peiping's united front operations since 1979 toward Taiwan, Teng Hsiao-ping recently expressed his dissatisfaction with the ineffectiveness of the past decade's efforts.

Hsiao identified several main causes for the failure of the Peiping regime's united front operations toward Taiwan:

- Teng Hsiao-ping was too rushed to reunify China while the mainland people increasingly demanded more freedom and democracy;
- The general public on the mainland was dissatisfied with Peiping's political reforms; and
- The Chinese Communist regime faced serious economic, agricultural and social problems which could not be ameliorated by united front manoeuvres.

Official on Narrowing of Trade Surplus With U.S.
*OW0401015389 Taipei CNA in English 1536 GMT
3 Jan 89*

[Text] Taipei, Jan. 3 (CNA)—The Republic of China's [ROC] efforts to narrow its trade gap with the United States are paying off, a ranking Economics Ministry official said Tuesday.

ROC per capita imports from the U.S. now [word indistinct] U.S.\$650 a year, exceeding those of Japan, the official said. He hoped the U.S. would pay more attention to the ROC's sincerity in resolving the trade imbalance problem.

According to statistics, ROC imports from the U.S. totaled U.S.\$24 billion last year with consumer goods accounting for about U.S.\$13 billion. American-made home electrical appliances, cars, and cigarettes have been popular in the local market in the past year. They enjoyed brisk sales like their Japanese counterparts.

Trade With East Europe To Continue Expanding
*OW0401012589 Taipei CNA in English 1532 GMT
3 Jan 89*

[Text] Taipei, Jan. 3 (CNA)—The Republic of China [ROC] will continue to expand trade relations with East European nations this year, a ranking Economics Ministry official said Tuesday.

The official said that the Government has agreed in principle to allow East European nations to establish trade offices here and the ROC also plans to set up trade offices in those nations at the proper time.

The Government presently allows direct trade with East European nations, except for the Soviet Union and Albania.

Among the East European nations, the official said, Hungary is the most friendly towards the ROC. It is likely the two countries will exchange trade offices in the near future.

However, the official said, most East European nations are short of foreign exchange and their business practices are different. Thus, it will take time for local businessmen to develop business with that part of the world.

Commentary Previews 1989 Economic Prospects
*OW0401084989 Taipei International Service
in English 0200 GMT 4 Jan 89*

[Station commentary: "1989: The Year Ahead for the Economy"]

[Text] In 1988 the Republic of China [ROC] on Taiwan lived up to its reputation as one of the most dynamic and rapidly growing economies. Economic growth topped off at an enviable 7.8 percent. Per capita incomes passed the US\$6,000 mark, and the ROC on Taiwan became the world's 13th largest trading nation with the second highest foreign currency reserves, at US\$70 billion.

Economists are predicting another year of robust economic growth in 1989. The growth target is set at 6 to 7 percent.

The major overhaul of the economy that began in 1988 will continue into 1989. It involves the transition from the traditional reliance on export-driven growth to more dependence on imports and domestic spending to spur future growth.

In 1988, imports grew an astonishing 45 percent, more than three times the rate of exports. Meanwhile, the government began taking steps to increase investment on public spending projects. The latter effort is intended both to spur domestic growth and to use up domestic capital reserves, which have flooded banks and put pressure on the government to increase investment in the public sector.

Another of the catalysts for economic growth on Taiwan is the rapid rise in disposable incomes. In the past year or so the Taiwan consumer has shown greater interest in luxury products, specially of the imported kind.

Consequently, imports will continue to be the focus of the ROC's trade policies in 1989. In addition, the government will also continue to guide manufacturers toward greater market diversification, as a means of reducing the nation's dependence on the U.S. market for exports.

The government will also continue efforts to open markets and cut tariffs and other nontariff import barriers to stimulate two-way trade.

Perhaps the biggest economic news story of 1989 will be the ROC's ongoing efforts to avoid frictions in trade with her vital trade partner, the United States. Just 3 days ago the government announced that it would liberalize turkey imports so as to preclude a threatened Section 301 action by the U.S. Congress. That set an early trend for ROC-U.S. trade relations in 1989.

The exchange rate issue, which some consider to be the major economic news story of 1988, will continue to pose problems for the ROC on Taiwan. The Taiwan

dollar has already risen some 40 percent in value since November 1985. Yet the U.S. Government persistently maintains that the Taiwan dollar is still undervalued and that it must undergo further appreciation. ROC officials resist this pressure, saying adjusting of exchange rates is not the answer to reducing the ROC's trade surplus with the United States.

But U.S. pressure is likely to continue, making it ever more imperative for the ROC to redouble efforts in 1989 to open markets and cut tariffs.

In 1989, the ROC Government will also step up efforts to redefine Taiwan's role in the world economy. The goal is greater participation, commensurate with Taiwan's economic power. This will entail efforts to rejoin such international bodies as the World Bank, IMF and GATT.

If all goes well, the ROC on Taiwan will come of age in 1989, moving ahead toward her goals of reaching developed status by the end of the 1990s, while taking on more responsibility in the international economy. Those are noble goals, but not ones that are out of the reach of this ever-prospering Little Dragon.

Hong Kong

PRC's Xu Jiatun Says People Free To Form Parties
HK0501031589 Hong Kong HONGKONG STANDARD
in English 5 Jan 89 p 2

[By Tony Chan]

[Text] China's top representative in Hong Kong, Mr Xu Jiatun, said yesterday that Hong Kong people would be free to organise political parties after China resumed sovereignty over the territory.

Mr Xu, director of the Hong Kong Branch of XINHUA, said the forming of political parties was included in the "right of association" in the draft Basic Law.

Mr Xu's remark came amid discussion on the formation of political parties by local politicians including Mr Martin Lee, Mr Allen Lee and Mr Stephen Cheong.

Mr Martin Lee said he would form a party with his liberal allies. Mr Allen Lee said he and Mr Cheong were co-organising a political group which would join the Legislative Council direct elections in 1991.

Mr Xu said: "The right of association has already been enshrined in the Basic Law. An association and a political party are alike. The only difference is in the name.

"At present, there are many political groups in Hong Kong and the only difference between them is the name," Mr Xu added.

Mr Xu said there was no need for Basic Law drafters to re-define the term "association".

Article 26 of the Basic Law draft says Hong Kong residents shall have freedom of speech, of the press and of publication; freedom of association, to form and to join trade unions, and to strike; and freedom of assembly and of demonstration.

Mr Xu, who was speaking after a cocktail party marking the 70th anniversary of the Bank of East Asia last night, would not comment on whether the Communist Party would be active in Hong Kong.

He said China would not apply its Four Cardinal Principles to Hong Kong: the Socialist Road; Communist Leadership; Marxism-Leninism-Mao Zedong Thought; and the Dictatorship of People's Democracy.

The term "political party" has been taboo for most local groups which are active in electioneering, for their members believe the term to be too sensitive for the general public.

Organizations like Progressive Hong Kong Society, Meeting Point, Association for Democracy and People's Livelihood, and the Hong Kong Affairs Society, do not call themselves parties.

This is despite the fact the groups were active in previous elections, by either fielding or supporting candidates in district board and Legislative Council elections.

Government To Repatriate Vietnamese Immigrants
HK0501025189 Hong Kong SOUTH CHINA
MORNING POST in English 5 Jan 89 p 3

[By Fiona MacMahon and Agnes Lam]

[Text] The government is preparing to repatriate Vietnamese illegal immigrants to China on a Macao ferry boat and is also planning a series of smaller repatriation operations across the border by land.

The majority of ex-China Vietnamese illegal immigrants now in Hong Kong come from remote rural areas of Guangxi Province best reached by ship.

But the Hong Kong government hopes to arrange one or two swift repatriation operations by land for a smaller number of Vietnamese illegal immigrants as quickly as possible.

Officials say they want to make sure the message gets back to the Vietnamese community in China that if they arrive in the territory illegally, the only future which awaits them is repatriation.

Acting Government refugee coordinator Mrs Carrie Yau, said the administration was considering chartering the Lo Shan ferry boat, which carries passengers between Hong Kong and Macao, to repatriate the bulk of the Vietnamese illegals.

The Lo Shan has a capacity of 750 and was used by the Government to repatriate many of the ex-China Vietnamese illegal immigrants who flooded into Hong Kong during the summer of 1987.

Mrs Yau said the government had received reports that a number of Vietnamese people had gathered near the Chinese coastal port of Taiping, preparing to enter Hong Kong illegally.

But she was hopeful that joint efforts by the Hong Kong and Chinese governments had stemmed the flood of Vietnamese illegal immigrants into Hong Kong.

She added that the absence of arrivals from China over the past 10 days and the weight the Chinese have given the issue led her to believe the worst was over.

And a Chinese official yesterday denied the suggestion that about 10,000 Vietnamese had gathered in Taiping in an attempt to sneak into Hong Kong.

The Director of the Foreign Affairs Office of Dongguan County on the coast of Guangdong, Mr Chou Hui, said he was aware of the "rumour" that more Vietnamese were poised to enter Hong Kong.

But he said: "Nothing has been found to substantiate it. It is absurd. Should there be such a large number of Vietnamese wandering around the village, the authorities would have noticed it already."

He said people could hardly find a place to hide in Taiping.

"One can easily identify such people because their appearance, behaviour and the dialect they speak are different from Chinese residents," he said.

There are 953 ex-China Vietnamese illegal immigrants in Hong Kong waiting to be repatriated to the mainland.

PRC Official Comments

HK0501025389 Hong Kong HONGKONG STANDARD
in English 5 Jan 89 p 3

[By Tonny Chan in Taiping and Jeremy Lau in Hong Kong]

[Text] There was no evidence of a mass grouping of ex-Vietnamese refugees ready to sail to Hong Kong from Taiping, a Chinese official said yesterday.

When a team from THE HONGKONG STANDARD visited the small coastal town yesterday it was business as usual for the townsfolk.

No Vietnamese farmers could be seen preparing for a quick dash to Hong Kong.

A top Hong Kong Government official confirmed on Tuesday that about 10,000 ex-refugees had gathered in Taiping.

But residents of the town of 20,000 people said they had seen few Vietnamese in their village since the last exodus in the Lunar New Year period last year.

The director of Taiping's marine police bureau, Mr Huang Xikuan, dismissed the informations as rumour that might have come from Vietnamese captured in Hong Kong.

"The source of the rumour may be the Vietnamese who were arrested after sneaking across the border," Mr Huang said.

"We must have learned about it if it had ever happened, given the small size of the town. The streets would have been overwhelmed with people," Mr Huang said.

The interview, which went smoothly, was stopped abruptly when Mr Huang found the reporter was not from a pro-China Hong Kong newspaper.

The bureau head snatched the reporter's notebook and tore away two sheets which were eventually confiscated. He said the reporter had not applied in advance for the interview.

During the argument, an unidentified man joined and threatened to detain the reporter because the notes might contain Taiping's "defence secrets".

Taiping, a seaside town on the Pearl River estuary, occupies an area about the size of Hong Kong's Ocean Park and is 90 minutes by car from Shenzhen.

The director of the Taiping foreign economic affairs office, Mr Lu Weiyao, said there were no Vietnamese living in his town.

But Mr Lu said his office might deploy more staff to investigate the matter.

Mr Lai Kanbo, a bicycle-repairer, running his modest business near the pier, said the last time he heard about Vietnamese escaping to Hong Kong was more than one year ago.

A man operating speed boat tours, who called himself a Mr Wang, said that if Vietnamese came to Taiping they would approach fishermen for boats.

"The exodus last year lasted for almost a month and the fishermen cashed in by selling their small boats for 6,000 (about HK\$12,000) to 8,000 renminbi each," Mr Wang said.

Recalling what happened last year, he said about 1,000 Vietnamese went to Taiping in groups of 20 to 30 over a one-month period.

"They usually sent one or two of them to scout the pier to buy boats from the fishermen. Some Vietnamese even used the pier to board at night," he added.

A taxi driver said the town had once been used by many Taiping people to enter Hong Kong illegally by sea before the territory closed its doors. The journey took about two hours, he said.

PRC Officials To Receive Civil Service Training
*HK0401061589 Hong Kong HONGKONG STANDARD
in English 4 Jan 89 p 1*

[By Tammy Tam]

[Text] Chinese officials will come to the territory to learn how to train their senior public servants, a Hong Kong organiser of the programme said yesterday.

Starting in spring, the Government's civil service training centre will play a key role in coaching those who will train the public servants.

Hong Kong officials have also been invited to Beijing to comment on China's first draft of regulations for the service.

According to the International Institute for Technology and Business Management president, Mr Tam Siu-cheung, other experts would also be invited to give lectures.

"An official from the newly-set-up senior public servants training centre under the Ministry of Personnel will arrive in March," Mr Tam said.

The Ministry of Personnel was created in April to establish a class of public servants within 10 years to reform what China sees as an inefficient administration.

"He (the official) will be here to learn how to organise large-scale training courses, to visit the Hong Kong Government's civil service training centre, Omelco [Office of Members of the Legislative Council] and other international institutes," Mr Tam said.

"He will also learn how to forge relations with the United Nations and other foundations for seeking support.

"It is a long-term plan. The Ministry of Personnel will send people here every year to see the new development of the civil service system. At least one or two people will come each time.

"The courses are provided for senior officials who will be future trainers. It is very important to train the decision-makers and the trainers."

A four-member delegation from the Ministry of Personnel, led by training centre director Mr Wu Tonghui, visited last month to get first-hand information on Hong Kong's civil service system.

It visited the Independent Commission Against Corruption, the Civil Service Branch and the civil service training centre in its one-week stay, Mr Tam said.

"The civil service system of Hong Kong has been proved to be a workable one. But it takes decades for the formation of such a good system. China just took its first step, so it admits that many difficulties lay ahead," he said.

Last autumn Beijing held an international symposium on public service systems. The ministry invited representatives from eight countries, including Hong Kong, to give views on its public service regulations draft which has been revised 19 times.

"It is not a must for China to ask for opinions on this domestic matter. But it did. This shows that China really wants to open to the outside world. And in this aspect, China particularly wants to learn the good points of civil service systems in other countries," Mr Tam said.

China Resources' Investment in Hong Kong To Rise
*HK0501131089 Beijing ZHONGGUO XINWEN SHE
in Chinese 0039 GMT 31 Dec 88*

[Report by Sheng Meilan (4141 5019 5695) and Wang Jian (3769 0256): "Zhu Youlan Says China Resources Will Increase Investment in Hong Kong Next Year"]

[Text] Hong Kong, 30 Dec (ZHONGGUO XINWEN SHE)—Zhu Youlan, chairman of the board of directors of China Resources (Holdings) Company, said here today that in the past year, satisfactory economic results have been achieved by the group, whose profits are estimated to have registered an increase of more than 15 percent over the previous year. The work of improving the economic environment now being carried out on the mainland will not affect China Resources' investment in Hong Kong and other countries. Instead, its investment in Hong Kong will be greatly increased next year.

According to Zhu Youlan, both the internal business and entrepot trade handled by China Resources have increased by 50 percent in the past year. The major projects it has invested in in the hinterland include: The Stretch Nylon Factory in Yantai, Shandong Province, with an investment of more than \$29 million; the development of the Qingchunbao [7230 2504 1405] products series with the cooperation of the Second Pharmaceutical Factory of Hangzhou, an investment of 65 million yuan in renminbi; the development of large warehouses in Chiwan, Shekou, an investment of more than 60 million Hong Kong dollars; and the construction of the Haikou Hotel in Hainan Province with a Hong Kong trading company, an investment of \$32 million. Moreover, the company has signed an agreement with Suzhou City on overall cooperation and contracts on more than 20 projects. Zhu Youlan emphasized that the company's investments in the interior parts of China will continue in a cautious manner.

Zhu continued: China Resources is a company registered in Hong Kong. In the future, its main business will still be in Hong Kong. But in investments, it will take more long-term interests into consideration. For example, some projects it has invested in, such as the Tai Lo Shan Tunnel and the Tin Shui Wai Development Project, will be completed after 1997. Satisfactory returns have been obtained from most of the investments made by China Resources. What merits mentioning is that a new company has been jointly established by China Resources, the Swire Group, the Hong Kong Bank, and three other companies in the past year to study new business administration technology. It is expected that in 3 to 5 years, most of the business of commercial organizations, such as making arrangements for trade talks, settling accounts, and applying to customs, will be done through computers. She said that China Resources is being localized step by step. Of its more than 7,000 staff members, those assigned by Chinese authorities constitute less than 10 percent.

In the past year, exports of large-volume Chinese commodities, for which China Resources is acting as an agent, has been developing steadily. This business constitutes more than 1/4 of all the business handled by the company. Zhu Youlan revealed that as the work of improving the economic environment is going on in the hinterland, import and export of some commodities may be reduced next year.

She stated that the company should not develop overseas business blindly. Projects that have proved to be unsuccessful should be withdrawn. For example, the company has withdrawn from an establishment in Diba in the United Arab Emirates due to the fierce competition there. This year, China Resources has signed contracts with Malaysia on some cooperative projects. It is considering establishing some overseas branches in Thailand, Austria, and other European countries next year. It is said that Zhu Youlan may visit Thailand next January. She held that Thailand has an ideal environment for investment, and China Resources will consider establishing a trade organization there.

PRC To Cut Rice Exports; No Shortage Expected
HK0501024189 Hong Kong SOUTH CHINA
MORNING POST in English 5 Jan 89 p 3

[By Muriel Lau]

[Text] China will cut rice exports to Hong Kong by a third this year but the Government was swift to point out yesterday this would not cause any shortage.

Ng Fung Hong, the territory's sole agent for Chinese rice imports, recently signed a contract agreeing to bring in 65,000 metric tonnes of rice grain from the mainland this year. This compares with 95,400 metric tonnes imported last year.

But Government Trade Officer Shirley Lau Lam Yuet-sheung said: "The shortfall can certainly be replaced by other countries such as Thailand which has promised to supply 200,000 metric tonnes this year with a further extra flexibility of 10 percent if necessary.

"In fact, Thailand has been ahead of China on our list of rice importers since 1985," she said.

"We will also encounter no problem if we have to ask for more rice from countries such as Australia and the United States, although their prices are much higher."

Mrs Lau disclosed that even if the situation deteriorates, the Government had no plans to encourage local farmers to grow rice because production might turn out to be more expensive than importing.

Last year Thailand supplied 197,600 tonnes—57 percent of Hong Kong's total rice imports.

Due to disruption on the mainland in the supply of rice, imports from China declined from 37 percent in 1987 to 27 percent last year.

Looking to the future, the Trade Department expects rice imports to remain at about 350,000 tonnes, as it has for the past 10 years.

Mrs Lau predicted the price of rice would not rise dramatically with the drop in supplies from the mainland.

"Due to good harvests and mass production, the price of Thai rice has been kept down and the importers are looking for a further price drop," she said.

The price of Thai rice has decreased from between \$3,432 and \$3,666 per tonne at the beginning of 1987 to between \$2,808 and \$2,886 at the end of the year.

Another reason importers expect the price to fall is that the high quality Thai fragrant rice which Hong Kong people prefer is not very popular elsewhere in the world, said Mrs Lau.

Trade Development Council To Increase Activities
OW3012152388 Beijing XINHUA in English
0104 GMT 30 Dec 88

[Text] Hong Kong, December 30 (XINHUA)—The Hong Kong Trade Development Council (TDC) will reactivate its promotional activities in the Middle East and Latin America, and explore new opportunities in Eastern Europe, USSR, and Southeast Asia in the coming year.

A TDC spokesman said Thursday that a total of 162 promotions worldwide have been scheduled in the financial year starting April 1, representing nearly a 20 percent increase.

In the Middle East, with the pending peace settlement between Iran and Iraq, the business climate in the region is expected to further improve. The TDC plans an exploratory visit to study the feasibility of organizing a business group to Tehran and Baghdad in 1989.

Promotions in Latin America will also be enhanced, especially in Mexico, where import restrictions have been relaxed since the country joined GATT in 1986.

Meanwhile, the TDC is watching closely the economic reforms in Eastern Europe and USSR. Close liaison will be maintained with Comecon traders in Western Europe to develop indirect exports to Eastern Europe. In view of the encouraging results of a business delegation to East Berlin in December, plans for similar promotions in 1989 are being examined, the TDC spokesman said.

As the economy of Southeast Asia, as a whole, has improved considerably, the demand for machinery, components, and products that are essential for industrial development has been very strong. The TDC will therefore increase its promotional activities in Singapore, Indonesia, and India through participation in several specialized trade fairs in machinery, electronic parts, and equipment.

Macao

Macao To Issue EC Passports to Nationals
HK0501020789 Hong Kong HONGKONG STANDARD in English 5 Jan 89 p 1

[By Harold Bruning in Macao]

[Text] Portuguese nationals in Macao will be issued with the burgundy-coloured European Community passports from Monday—two weeks after its introduction in Portugal.

This was confirmed yesterday by the Identification Services Department of Macao.

There are an estimated 100,000 Portuguese nationals in the enclave, and government sources say more than 80 percent of them are ethnic Chinese.

Portuguese nationality laws stipulate that any holder of a Portuguese passport has the right of abode in Portugal, irrespective of race and place of birth.

In addition, Lisbon has assured Portuguese nationals born in Macao that their nationality and passport rights would be honoured without reservation after 1999, when Macao reverts to Chinese sovereignty.

Anyone born in Macao before October 3, 1981 is automatically considered a Portuguese national. The cutoff date was the result of the establishment of diplomatic ties between Beijing and Lisbon.

The announcement that EC passports are to be issued in Macao from Monday is being seen as a confidence boost for professionals and businessmen of Chinese extraction.

During negotiations of the Sino-Portuguese Joint Declaration, Lisbon and Beijing agreed to disagree on the matter of passports held by Macao residents after 1999.

China will consider Portuguese passports held by Macao residents after the takeover as simple travel documents.

Portugal will continue to consider them full passports, with all nationality rights attached.

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